



## How to balance your investments

Before discussing investment balance, it is advisable to bear in mind some fundamental economic principles.

### Definition of "fixed-dollar" and "mobile dollar" investments

A fixed-dollar security is one where the number of dollars invested and their yield are known in advance and remain unchanged until the date of redemption. Bank deposits and bonds are typical examples of fixed-dollar securities.

The mobile dollar security is one which gives rise to an increase or decrease in the amount of dollars and their yield throughout its appreciation or depreciation.

Investments in real estate or in common stocks of companies are examples of "mobile dollar" securities.

### Influence of the economy on fixed-dollar and mobile dollar securities

The value of the dollar is determined by its purchasing power. The purchasing power index of the dollar is arrived at by comparing what the same number of dollars will buy at two different periods. The index for the purchasing power of the dollar for the year serving as the basis of calculation is shown as 100.

Let us suppose that in 1947 a person could buy a shirt for one dollar.

If in 1929 a dollar would purchase two, the purchasing power index for 1929 is 200 as compared to 1947.

If in 1968 the same shirt sells for \$2.00, the purchasing power index will have declined to 50. Prices have increased and the purchasing power of the dollar has decreased because of this economic phenomenon known as "inflation".

The value of "mobile dollar" investments rises or falls with inflation or deflation.

If an investor buys \$100.00 worth of shares in an enterprise that sells goods at \$1.00 each and these are later sold at \$2.00 due to the increase in the cost of living, there is every likelihood, in principle, that his investment will go up to \$200.00 since the company will be making twice the profit it did before.

Similarly, if it has to sell these goods at \$0.50, the shares will probably lose 50% of their value due to the dollar profits having decreased by one half.

However, whether the shares are worth \$100.00, \$200.00, or \$50.00, the investor can

always buy 100 of these goods with the proceeds of the sale of his shares.

On the other hand, the one who had invested the same amount in a fixed-dollar security would have bought 100 items at the onset, at \$2.00 he would have bought only 50, and at \$0.50 he would have purchased 200.

Even though there has been an inflationary trend since the beginning of the century, which will probably continue in the future, this does not mean that between any two specific moments, that is between the time of your investment and the moment you have to make use of your dollars, a temporary deflation will not occur which will increase their purchasing power.

Economic forces are always at work pushing prices upwards or downwards.

If you have invested all your dollars in a "mobile dollar" security and there is a deflation when you need them, you will suffer a loss. If you have invested all your dollars in a "fixed-dollar" security and there has been inflation when you need them, you will have suffered a loss of purchasing power.

The remedy to this problem is investment balance.

### Investment Balance

Investment balance is not a theory propounded to let the investor know the best time to buy or sell securities. Nor is it a method to help the investor to do better than the market.

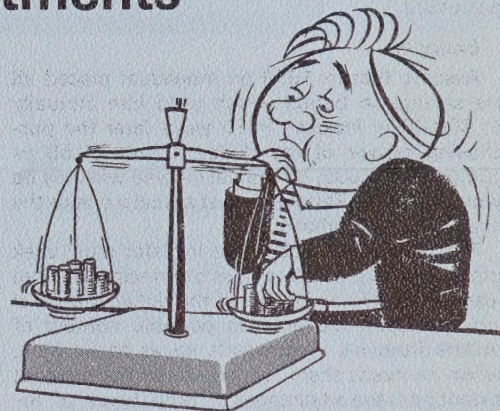
It is a programme whereby one spreads one's investments over fixed-dollar and mobile dollar securities. In other words, it is a programme which includes investments that will do well in inflationary periods and other that will give a good yield in deflationary periods, and vice-versa. No one has yet discovered a type of investment that combines both reactions at the same time.

### Purpose of Investment Balance

The purpose of investment balance is to help the investor to protect his savings against inflation and deflation and thus to maintain the purchasing power of his dollars in equilibrium.

### Investment balance and diversification

There is a basic difference between investment balance and diversification as understood in the investment field.



Investment balance can be defined as diversification of the nature of investments, whereas diversification as such is spreading risks of the same general nature.

#### Example :

A person depositing all his savings in 5 different banks and another who buys shares in 10 companies would not be effecting investment balance, but diversification, since in each case the nature of the investments is the same.

Even if the first one of these persons was to deposit in 2 banks and bought the bonds of three companies, or the second invested in the common stocks of 2 companies and bought 2 properties, there would still not be any investment balance, but a greater degree of diversification.

Investment balance requires diversification in the nature of the risk resulting from inflation and deflation and the changes in the purchasing power of the dollar. Therefore, it calls for investments in the two types of dollars.

Here is how the more common investments are classed :

<i>Fixed-Dollar</i>	<i>Mobile Dollar</i>
Bonds	Common Stocks
Mortgages	Real Estate
Savings Accounts	Variable annuities
Guaranteed Savings Certificates	Mutual Fund Shares
Life Insurance policies	

### Investment involves risk-taking

It has earlier been said that investment balance requires diversification in the nature of risks. In fact, generally speaking, there is no 100% "safe" investment. Every investment, from the most conservative to the most speculative, has a degree of risk, meaning that it is exposed to the



possibility of loss, whether the investment be made in the best of bonds or in common stocks.

1. Risk of financial loss, being loss of principal or income, or both.

*Example :*

An individual who buys 100 shares of common stock at \$15.00 per share and sells them at \$10.00 would lose one-third of his principal. Likewise, a person who finds the dividends on his shares reduced from \$3.00 to \$1.50 per share would suffer a 50% loss of income.

2. Risk of loss of purchasing power of the dollar.

It is surprising to find how few people give serious consideration to this possibility. The reason for this indifference lies in the fact that the investor still has the same number of dollars even though their purchasing power has substantially decreased.

*Example :*

Assume that in 1939 an individual placed all his savings in bonds which yield him annually \$1,000.00 in interest. If 10 years later the purchasing power of the dollar is only \$0.58 as compared to 1939, his annual income will only be worth \$580.00. This loss is just as real as the examples given above.

This proves that today the investor must seek protection as much from loss of principal as from loss of purchasing power of the dollar. He must aim to obtain the greatest possible number of dollars from his investments so as to be able, when he needs them, to benefit to the greatest extent from the advantages of both types of investment.

**What percentage of his assets should an individual invest in each type of security?**

Many factors have to be considered: the age of the investor, the number of his dependents, the size of his cash reserve, the amount of his life insurance, etc.

Some economists maintain that an individual should have an adequate cash reserve as well as a reasonable amount of life insurance in fixed-dollar securities before contemplating investing in common stocks. Others add that besides this he should own his home. It is difficult, however, to generalize.

However, an individual cannot go wrong by investing half his available assets in fixed-dollar securities and half in mobile dollar ones. In case of inflation, he would not receive as much as if all his assets had been invested in mobile dollar securities, but more than if all had been invested in fixed-dollar ones.

In the event of deflation, he would be better off than if everything had been invested in mobile dollar securities and less so than if everything had been invested in fixed-dollar securities.

He would have struck a happy medium; consequently greater security.

Economists are unanimous in advising that any sound investment programme should include both types of securities. To invest in one only is to run the risk of disaster.

Furthermore, this is the policy of all large financial institutions. So, if this is good for large companies, why would it not be so for individuals? If it is good for the management of an established portfolio, why would it not be so for building up a portfolio?

**What Savings and Investment Group offers you as regards this problem**

**For Managing a Fund**

*Fixed-Dollars*

If you have assets to invest, you can place a part in investment certificates of Savings and Investment Trust Company which guarantees interest at 7% for 5 years payable half-yearly or compounded. Thanks to this investment your

principal and income will not be subject to any fluctuation. You will be guaranteed to receive on the given due date the full amount of your investment plus interest provided you left it accumulate in the Trust Company.

*Mobile Dollars*

You can invest the other part in Mutual Fund shares which will follow the fluctuations of the Stock Market. The shares of Savings and Investment Mutual Fund of Canada Ltd., will enable you to participate mainly in the growth of Canadian industry, whereas with Savings and Investment American Fund Ltd., you would share more particularly in the development of the technological industries of the United States and of North America.

**For Building Up a Fund**

If you wish to build up a fund by monthly payments, you can take advantage of the Flexival (flexible value) savings plan of Savings and Investment Ltd., which is the only one of its kind in Canada. The Flexival plan of Savings and Investment Ltd., gives you the benefit of a complete investment programme which is adjustable according to your needs.

You yourself decide in which type of security you wish to have your money invested.

You can invest everything in securities guaranteed by first mortgages, in the bonds of Canadian governments or leading corporations.

You can invest everything in shares which give you an interest in a portfolio of more than 100 securities of industrial or financial corporations.

You can invest in both of these types of securities by stating what percentage of your savings you wish to place in each.

During the term of your contract you can change your investments or vary the percentage of your investment in each of these types of securities.



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INVESTMENT PROGRAM**

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**SAVINGS AND INVESTMENT LTD. — 850 d'Youville Square, Quebec.**

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 Nov. 15, 1968

## SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LIMITED

### QUARTERLY REPORT AS AT OCTOBER 31, 1968

Pursuing their vigorous recovery which started at the end of last March, Canadian markets have offered, during the quarter under review, a stimulating performance which has led market indices to new all-time highs. Under this strong impetus, the net asset value of your shares has increased from \$7.29 to \$7.93, an 8.8% advance, and has thereby reached the highest quarterly close of its history.

The total gain of your shares, for the last twelve months, amounts to 14.3% (\$7.15 to \$8.87), after adding the four quarterly dividends totaling \$0.24 per share distributed during this period.

The net total assets of your company now stand at \$42,008,029.

The behaviour of Canadian markets reflects a steadily strengthening environment for this year. The early forecasts of business activity for 1968 will, in all likelihood, be amply exceeded due mainly to soaring exports, to a monetary policy less restrictive than anticipated which has therefore encouraged higher consumption, business investments and housing starts—and, finally, to an increase in corporate profits which in many cases has surprised analysts.

The Canadian economic environment, in comparison with the United States, shows a strong balance of international payments position and a moderation of inflationary pressures. An encouraging trend in the Canadian manufacturing picture is a decline in unit labour costs and the reappearance of greater productivity. Wider profit margins and an improving ability to compete can therefore be expected for the Canadian industry.

Since last June's elections which have brought a majority government in Ottawa, institutional investors, American and European as well as Canadian, have shown a growing interest and confidence toward Canadian securities. Individual in-

vestors have also actively participated in the increase of demand for Canadian stocks, either directly or through the medium of mutual funds, pension funds or private trusts.

A number of analysts expect a slow-down in economic activity and in the increase of profits for the end of 1968 and the beginning of 1969. Most of them, however, do not believe in a major recession. Market sentiment should easily absorb a "pause" in business activity which will enable our economy to con-

solidate its gains. Inflationary distortions must be corrected if we are to enjoy a balanced growth. An eagerly sought settlement of the Vietnam conflict and a stable international monetary environment are most important prerequisites to achieve these ends.

Despite the present high level of Canadian stocks which will necessitate, in the short-term, a cautious investment strategy, the medium-term outlook justifies a sound optimism with respect to future profit opportunities.

### INVESTMENT CHANGES

August 1st — October 31st 1968

PURCHASES			SALES		
	Net Increase	New Total		Net Decrease	New Total
Alberta Gas Trunk Line, pfd. 5 $\frac{3}{8}$ % conv. ....	5,000	5,000	Alcan Aluminium, pfd. 4 $\frac{1}{2}$ % — conv. ....	10,500	—
Alcan Aluminium. ....	700	40,700	Anglo Canadian Pulp & Paper, pfd. 4 $\frac{1}{2}$ % — conv. ....	11,000	—
Alloys Unlimited. ....	3,000	7,000	Bank of Montreal. ....	10,000	25,000
Bethlehem Copper. ....	15,000	15,000	Canadian Imperial Bank of Commerce. ....	10,000	25,000
Brenda Mines. ....	20,000	20,000	Central Del Rio Oils. ....	22,500	—
Cdn. Interurban Properties, units. ....	10,000	10,000	Consumers Gas. ....	50,500	10,000
Central Dynamics. ....	10,000	10,000	Couvrette & Provost. ....	50,000	—
Home Oil "A" (x). ....	25,000	25,000	Craigmont Mines. ....	15,000	—
International Business Machine. ....	900	2,500	Dominion Bridge. ....	16,000	—
Keeprite Products. ....	10,000	10,000	Eli Lilly "B". ....	5,000	—
Kerr Addison. ....	15,000	15,000	Home Oil Ltd. 5 $\frac{1}{2}$ % — 1/12/82 conv. (x). ....	\$500M.	—
Loews Theatres. ....	4,000	4,000	Imperial Oil. ....	5,000	20,000
Massey Ferguson. ....	10,000	35,000	Rio Algom Mines. ....	5,000	25,000
Noranda Mines. ....	1,000	25,000	Texaco Canada. ....	10,000	25,000
Peel Elder. ....	8,000	8,000	Trizec Corp. ....	62,500	—
Penn Central. ....	4,000	4,000	George Weston. ....	10,000	25,000
Rollins, Inc. ....	3,000	5,000	Woodward "A". ....	11,000	25,000
Royal Dutch. ....	10,000	10,000	Short-term securities ...	\$2,200,000.	
Silverwood Dairies "A". ....	15,000	15,000			
Union Gas. ....	30,000	30,000			
Short-term securities ...	\$1,900,000.				

(x) Bonds converted into class "A" stock.



# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD

## DISTRIBUTION OF PORTFOLIO AS AT OCTOBER 31st, 1968

### Bank & Finance:

25,000	Bank of Montreal.....	.9%
25,000	Canadian Imperial Bank of Commerce.....	1.1%
50,000	Canadian National Bank...	1.5
14,000	Quebec Savings Bank....	.2
9,000	American Express.....	1.8
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		5.5%

### Chemicals & Textile:

6,000	Bristol & Myers.....	1.0%
10,000	Dupont of Canada.....	.9
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		1.9%

### Construction:

30,000	Asbestos Corporation.....	1.6%
10,000	Cdn. Interurban Properties, units.....	.9
8,000	Peel Elder.....	.9
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		3.4%

### Consumers Goods:

30,000	Canadian Breweries.....	.7%
15,000	Crush International.....	.8
15,000	Distillers Seagrams.....	1.7
10,000	Keeprite Products.....	.6
4,000	Loews Theatres.....	1.3
6,000	Philip Morris.....	.9
15,000	Silverwood Dairies "A"....	.8
\$185M.	Standard International, 5% — 8/1/87 conv.....	.6
25,000	Hiram Walker.....	2.3
25,000	George Weston.....	1.3
\$250M.	Wilson & Co. Deb. WW, 6½% — 9/15/88.....	.6
25,000	Woodward "A".....	1.2
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		12.8%

### Electronics:

7,000	Alloys Unlimited.....	.8%
\$75M.	Alloys Unlimited, Deb. CV, 4½% — 6/1/93.....	.2
7,000	American Broadcasting....	1.2
8,000	Avco Corporation.....	.9
10,000	Central Dynamics.....	.2
2,500	International Business Ma- chine.....	2.0
\$250M.	Ling Temco Vought 6½% — 1/10/70 cum. wts....	.9
5,000	Rollins Inc.....	1.0
15,000	Sperry Rand.....	1.7
2,500	Xerox Corporation.....	1.7
10,000	Zenith Radio.....	1.4
		<hr/>
		12.0%

### Metals:

40,700	Alcan Aluminium.....	2.8%
15,000	Bethlehem Copper.....	.5
20,000	Brenda Mines.....	.6
10,000	Denison Mines.....	1.7
10,000	Falconbridge Nickel.....	2.3
15,000	Kerr Addison Mines.....	.7
25,000	Noranda Mines.....	3.4
25,000	Rio Algom Mines.....	2.0
		<hr/>
		14.0%

### Oil & Gas:

14,000	Alberta Gas Trunk Line "A".	1.2%
25,000	Home Oil "A".....	1.8
20,000	Imperial Oil.....	3.8
20,000	Jefferson Lake Petrochem- ical.....	1.7
5,000	Kerr McGee Oil.....	1.5
10,000	Royal Dutch.....	1.4
\$300M.	Scurry Rainbow, 7¼% — 5/1/88 conv.....	.8
25,000	Texaco Canada.....	2.0
		<hr/>
		14.2%

### Public Utilities:

10,000	Consumers Gas.....	.5%
50,000	Northern & Central Gas...	2.1
30,000	Union Gas.....	1.3
		<hr/>
		3.9%

### Pulp & Paper:

25,000	Domtar.....	.7%
15,000	Fraser.....	.6
17,000	Great Lakes Paper.....	.8
25,000	MacMillan Bloedel.....	1.5
35,000	Price.....	1.0
		<hr/>
		4.6%

### Steel & Manufacturing:

20,000	Algoma Steel.....	1.0%
10,000	Diversified Metals.....	1.0
20,500	Dominion Foundries & Steel	1.0
35,000	Massey Ferguson.....	1.7
6,000	McDonnell Douglas.....	.8
30,000	Steel of Canada.....	1.9
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		7.4%

### Transportation:

28,000	Canadian Pacific Railway..	4.7%
15,000	National Airlines.....	1.4
4,000	Penn Central.....	.7
15,000	Western Airlines.....	1.5
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		8.3%

Total Common Shares:.... 88.0%

### Preferred Shares:

5,000	Alberta Gas Trunk Line, 5½% conv.....	1.3%
30,000	Shell Investments, 5½% — conv.....	2.4
10,000	Trans Canada Pipe Lines, \$2.75 — conv.....	1.7
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		5.4%

### Buying Reserve:

\$ 99,000	Alliance Credit, 6½% — 10/24/68 Sec. Notes...	.2%
\$700,000	The Provincial Bank of Can- ada, 6¼% — 1/12/69...	1.7
\$500,000	Bank of Nova Scotia, 6% — 1/21/69.....	1.2
\$700,000	Canadian National Bank, 6¼% — 1/21/69.....	1.7
\$500,000	Government of Canada, 5% — 10/1/73.....	1.1
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		5.9%

Total of Investments:.... 99.3%  
Cash, Accrued Revenue, less  
expenses:..... .7%

100.0%



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SAVINGS AND INVESTMENT  
CORPORATION MUTUAL FUND  
OF CANADA LIMITED  
ANNUAL REPORT 1968

YOUR

MUTUAL  
FUND



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CANADIAN IMPERIAL BANK OF COMMERCE

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SAVINGS AND INVESTMENT TRUST CO.
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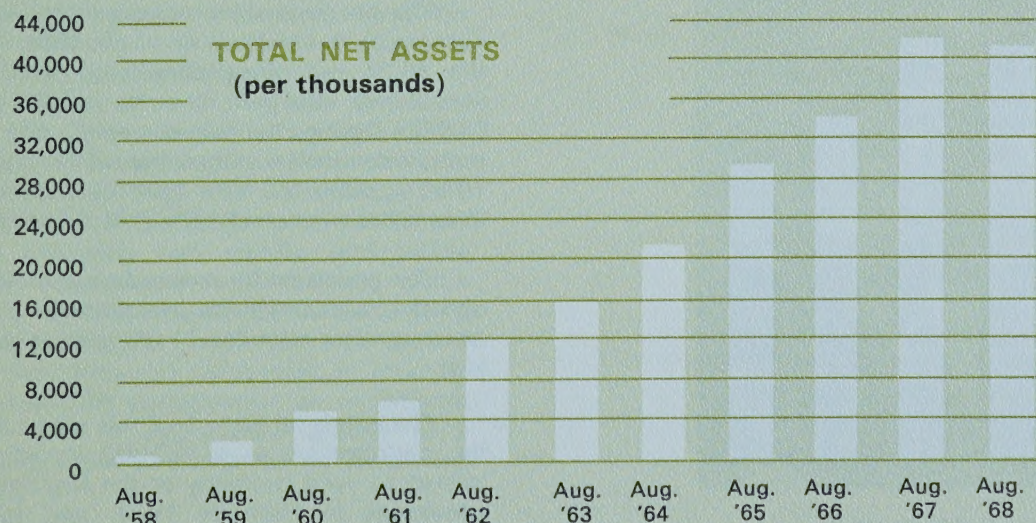
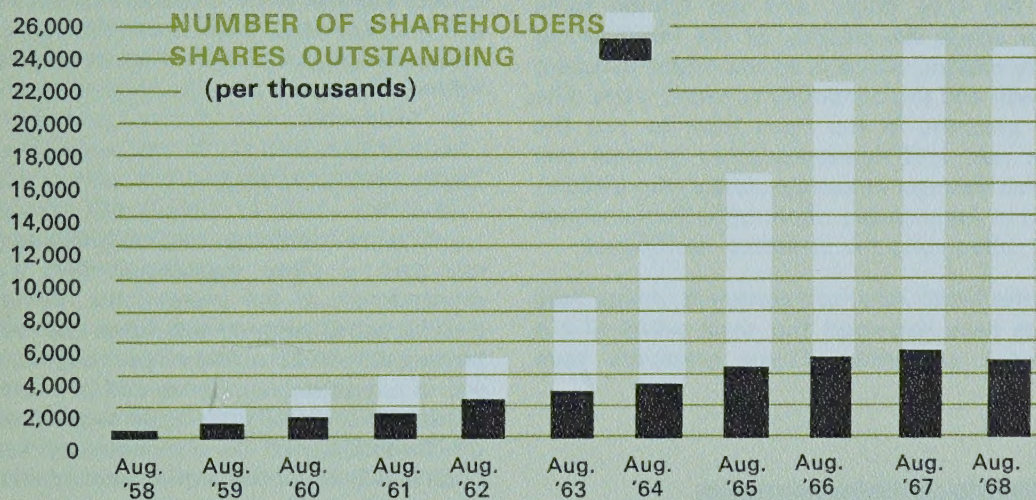
## HIGHLIGHTS (YEAR ENDED AUGUST 31, 1968)

	1968	1967
Total net assets at market value . . . . .	\$41,348,718	\$42,497,411
Number of shares outstanding . . . . .	5,585,164	5,717,427
Shareholders . . . . .	25,064	25,237
Net assets per share . . . . .	\$7.40	\$7.43
Net Earned Surplus since 1957 . . . . .	\$4,990,705	\$3,472,078
Dividend per share . . . . .	\$0.24	\$0.24



# **PERFORMANCE RECORD** as at August 31st 1968

	TOTAL NET ASSETS	NET ASSETS PER SHARE	DIVIDENDS PER SHARE	OFFER TO THE PUBLIC HIGH	LOW
1968	\$41,348,718.	7.40	0.24	8.30	6.95
1967	42,497,411.	7.43	0.24	8.37	6.80
1966	35,118,204.	6.52	0.24	8.20	7.05
1965	31,996,535.	7.17	0.22	8.42	7.62
1964	22,491,683.	7.03	0.21	7.78	6.72
1963	16,675,486.	6.14	0.20	6.47	5.86
1962	12,032,488.	5.66	0.19	6.98	5.81
1961	7,655,731.	5.94	0.20	6.52	5.32
1960	4,554,273.	4.97	0.18	5.82	5.21
1959	3,307,909.	5.37	0.19½	6.14	5.66
1958	1,087,102.	5.15	0.17½	5.64	4.91





## PRESIDENT'S MESSAGE TO THE SHAREHOLDERS

On behalf of your Board of Directors, I take pleasure in submitting to you the twelfth annual report of your Company's operations for the fiscal year ended August 31, 1968.

### YEAR OF CRISES:

The apparent lack of progress by North American market averages, during the year under review, conceals one of the most turbulent periods of the post-war market history. The investors' confidence was continuously challenged by a succession of sharp monetary, political, social as well as economic crises.

On the international front, a persistent flight to gold, repeated assaults against the British pound, the U.S. dollar, and the French franc seriously shook the stability of the international monetary system, which is so important to assure the growth and the continuity of world trade. The lack of progress in the Paris talks to end the Vietnam war, and numerous other political and social disturbances in Europe, Africa, the Middle-East and in America too often made the headlines without influencing the investors' confidence.

On the North American continent, inflationary pressures have remained the main worry of our government authorities. These pressures have

driven interest rates to record levels. Despite a high plateau of business activity, a number of industries and companies have witnessed the contraction of their profit margins under increased costs which were not adequately compensated by the full use of productive capacity and by parallel price increases. Furthermore, a deplorable multiplication of costly labor strikes strongly contributed to the continuation of economic distortions.

Under the weight of all these influences, stock markets suffered a succession of declines. At no time, however, did the investor panic. The end of March saw the bottom of this reactionary phase and, since then, a rally, remarkable for its vitality, has enabled market averages to recuperate their losses. Such a performance, in an atmosphere of acute tensions, cannot but impress observers. It further highlights the markets' technical strength and the investors' ability to calmly digest unfavorable news and maintain their confidence in the future.

### OUR OPERATIONS

The prevalent market climate has required, on our part, a close supervision and a cautious management of our investments. While keeping a 10% liquid reserve, we have endeavoured to protect the market value of your capital, to assure you of a reasonable income, and of course, to take advantage of profitable opportunities offered by the Canadian and the American markets. Some \$1,819,149 in capital profits were realized during the year. Since the beginning of our operations in February 1957, the earned surplus due to such profits now totals \$4,990,705.

The net asset value of your shares ended our fiscal year at the level of \$7.40. After including the \$0.24 per share distributed in dividends, your shares' total gain amounts to 2.8% (\$7.43 to \$7.64). During the same period, the Toronto Industrials index edged up 1% (167.36 to 169.02), while the New York Dow-Jones industrials index weakened 0.6% (901.3 to 896).

The period under review has, therefore, been one of consolidation for your Company, which is not surprising after the 17.6% gain achieved last year.

The graph on page 5 of this report illustrates the performance of a \$10,000 investment entrusted to your company at the beginning of its operations in February 1957, and takes into consideration the acquisition fees and the re-invested dividends (95% of our shareholders have chosen this option). In a decade which has



J.-Paul Tardif, M.S.C.  
President



known violent market upheavals, you will note that the overall upward trend of such an investment has only been interrupted for short periods. This emphasizes the importance of considering a mutual fund investment as a long-term proposition.

## OUTLOOK

Without diminishing the importance of the other current monetary, economic and political tensions, the fundamental problem still facing us is "inflation" which keeps on expanding at an intolerable rate. American and Canadian governments have resorted to higher taxes and lower state expenditures to combat inflationary pressures. In principle, the investor accepts the necessity of these measures. However, there is the possible danger that if these anti-inflation weapons are used with too much vigour, a severe recession could result. Our government leaders must then try to achieve a sound balance between measures which are stimulants to economic expansion and those designed to fight inflation. Economists and investors will, therefore, closely evaluate the impact of these measures on the economy, as the profitability of our companies is vitally concerned.

In spite of the current uncertainties, we believe that the market outlook is encouraging. The Canadian economy, in particular, is in a healthy condition, and the advent of a majority government in Ottawa should facilitate a more positive and dynamic direction for our country. Thanks to a higher than expected commercial surplus and to an inflow of foreign capital, our national monetary reserve is at a new high, and our dollar is strong. Furthermore, a notable number of our companies are showing remarkable results in achieving higher sales and profits despite an ever-growing competition.

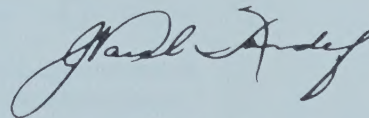
More than ever, we will direct our efforts towards a careful selection of our investments. In a world where science and technology are evolving at an incredible speed, when tastes and habits are changing very rapidly, and where competitive pressures are intensifying, stock markets will reflect an acceleration in the shifting of investors' moods and preferences with respect to various industries and companies. In order to attain a satisfactory performance, an investment policy will have to adapt itself quickly to a market environment characterized by dynamism and volatility.

As you will note on page 16, a number of investment changes have been completed in our portfolio. Your administrators believe that the

latter is in a good posture to take advantage of developing new trends which will favour some industries and companies more than others.

## APPRECIATION

In conclusion, I would like to express, on behalf of your Board of Directors, our sincere gratitude for your continued support. We will endeavour to do our best to conserve this confidence. May I also extend our sincere appreciation to our employees and to the representatives of Savings and Investment Ltd., the company distributing our shares, who by their work, their loyalty and their skill have contributed so much to our achievements.



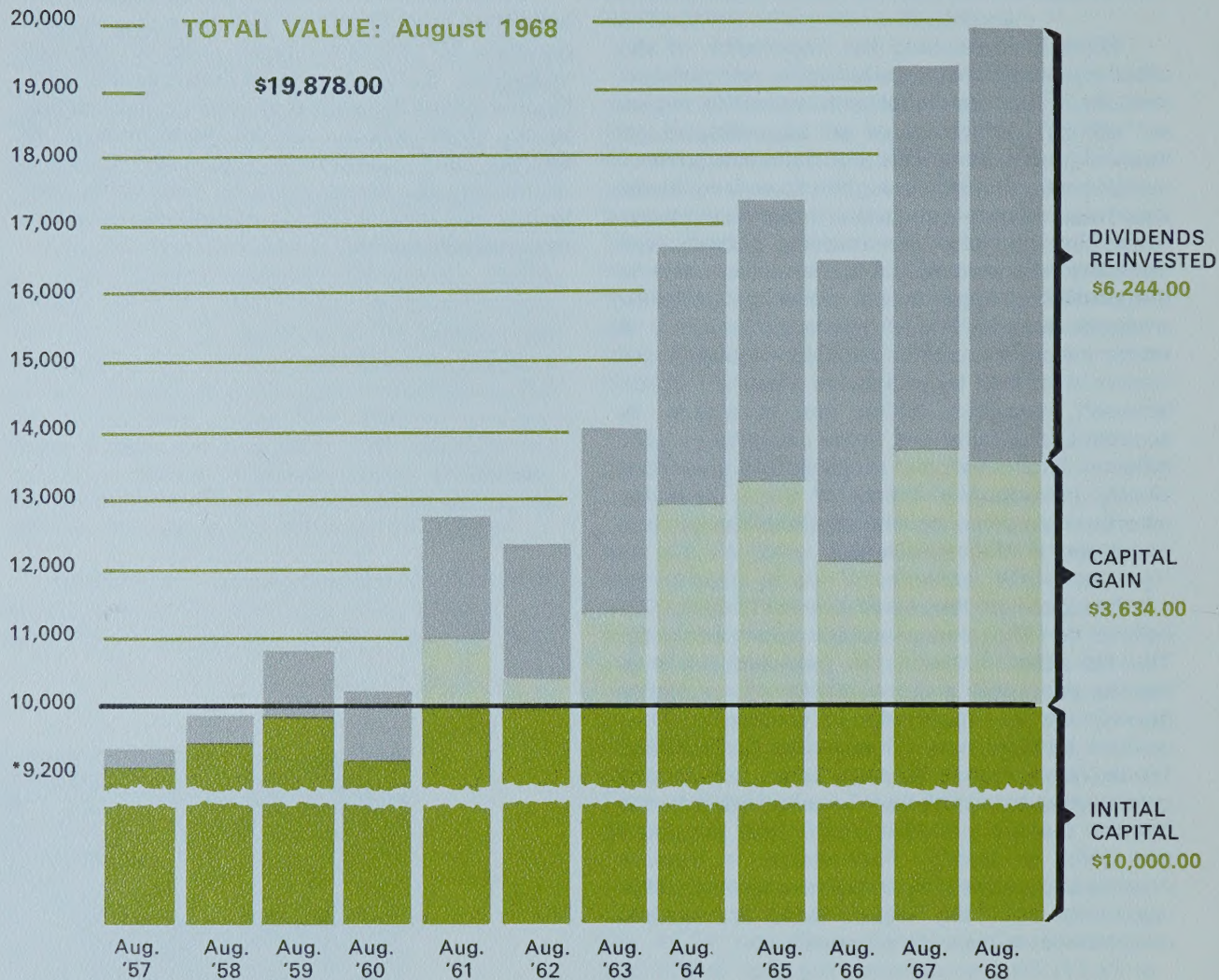
President.



## INVESTMENT PERFORMANCE OF \$10,000

### SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)



\*Acquisition cost 8% deducted

The steady progression shown by this graph emphasizes the necessity to consider a mutual fund investment as a long term hold. Market reactions simply offer excellent opportunities to invest at more attractive prices.



## FACTS ABOUT SAVINGS AND INVESTMENT MUTUAL

Your Fund is managed by the Savings and Investment Group and distributed by one of its subsidiary companies, namely, Savings and Investment Ltd. For over 40 years, the Savings and Investment Group has specialized in investments which are available to both the average-income investor as well as the professional investor.

Founded in 1928, this financial group today manages assets of over \$150,000,000.

The experience of this holding Company, of its investment specialists and its personnel, is highly qualified to furnish to Fund shareholders all the financial services required for the adequate management thereof.

When you buy shares of Savings and Investment Mutual, you acquire a participation in a broadly diversified portfolio of securities representing some of the most important and progressive Canadian and American industries.

As a shareholder, you derive benefits from a diversification and an administration unavailable to most individual investors.

Your Fund relieves you from the troublesome details of managing a number of individual securities.

It receives dividends and interest from hundreds of investments and many times a year, distributes your share of said income by means of dividends. It buys and sells for you, it supervises the fluctuations of the market and relieves you from many problems, such as handling, safe-keeping and exercising subscription rights, etc. Neither death, incapacity nor your absence when traveling, will interrupt the supervision and management of your capital.

The investment policy of your Fund is based on the confidence of its administrators in the long-term growth and prosperity of Canadian industries. It reflects their conviction to preserve the purchasing power of your capital from the present inflationary tendencies throughout the world.

To attain these goals, the investments are, for the most part, generally composed of common and convertible preferred stocks, even if, at difficult periods, the management preferred or will again prefer, under similar prevailing conditions, to invest a more important part of the capital in bonds or preferred stocks.

In a word, the objectives are to achieve capital growth through a participation in the expansion of Canadian industries and to produce a reasonable current income.

The administrators of your Fund are confident that this investment policy can be but very advantageous for the investors and they exert their best efforts to attain these goals although they cannot guarantee their full realization due to market risks inherent in all investments.

Your Fund distributes to its shareholders the greater part of its income by way of quarterly dividends. The amount of the dividends paid varies from year to year according to the investment income and capital gains realized. These dividends may be paid quarterly by cheques or reinvested in the Fund without any acquisition fees.

Residents of Canada holding Mutual Fund Shares of the Company can take advantage of the 20% dividend tax credit applicable to dividends received from taxable Canadian corporations, i.e., the income tax otherwise payable is reduced by 20% of the dividends received from the Company.

Your Fund places at the disposal of the public a monthly investment programme for those who wish to use it to accumulate a capital for financing some future realization as their children's education, their retirement or any other needs. This investment programme may be registered in conformity with Article 79b of the Income Tax Act and eventually these investments become deductible from the income tax of the investor.

### COMMON STOCKS

	%
Oil and Gas	14.5
Metals	13.9
Consumers Goods	13.6
Electronic	10.3
Transportation	6.8
Steel and Manufacturing	6.1
Banks and Finance	5.5
Pulp and Paper	4.5
Public Utilities	4.4
Construction	2.5
Chemical and Textiles	2.0
	<hr/> 84.1

### PREFERRED STOCKS

	5.3
<b>BONDS AND SECURED NOTES</b>	<b>10.6</b>
	<hr/> 100.0

### MILLIONS OF DOLLARS





# financial statements

BALANCE SHEET AS AT AUGUST 31, 1968

## assets



INVESTMENTS — at market value :	1968	1967
	\$	\$
Bonds and secured notes . . . . .	3,421,500	3,185,600
United States companies bonds . . . . .	818,450	567,525
Preferred stocks . . . . .	2,144,200	1,978,850
Common stocks —		
Canadian companies . . . . .	24,141,150	26,564,800
United States companies . . . . .	9,706,550	9,606,850
	40,231,850	41,903,625

The average cost of the investments as at August ,  
1968 was \$39,524,005 (1967 — \$39,561,732).

### CURRENT ASSETS

Cash in bank and with a trust company . . . . .	683,680	480,192
Due by brokers . . . . .	410,329	—
Accrued interest and dividends receivable . . . . .	152,373	159,901
	1,246,382	640,093
	41,478,232	42,543,718

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Savings and Investment Corporation Mutual Fund of Canada Ltd. (Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée) as at August 31, 1968 and the statements of income and expenditure, unrealized appreciation of investments, premium on shares and surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company

as at August 31, 1968 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McDONALD, CURRIE & CO.

ROBERT LEBOEUF

*Chartered Accountants*

QUEBEC, September 18, 1968



**SAVINGS AND INVESTMENT  
CORPORATION MUTUAL FUND OF CANADA LTD.**

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

# liabilities

<b>CURRENT LIABILITIES</b>	<b>1968</b>	<b>1967</b>
	\$	\$
Accounts payable and accrued liabilities.....	34,111	39,645
Due to brokers.....	76,369	—
Income taxes.....	19,034	6,662
	129,514	46,307

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK

Common shares —			
Authorized, issued and fully paid :			
1,000 shares of a par value of \$1 each .....		1,000	1,000
Mutual fund shares of a par value of \$1 each (Redeem- able on demand by the holders at asset value) —			
	Shares 1968	Shares 1967	
Authorized .....	20,000,000	20,000,000	
Redeemed .....	1,774,199	750,303	
	<u>18,225,801</u>	<u>19,249,697</u>	
Outstanding :			
Issued and fully paid . . . . .	5,584,164	5,716,427	
(The shares issued during the year were paid in cash)			
	5,584,164	5,716,427	
<b>PREMIUM RECEIVED ON SHARES ISSUED, LESS PREMIUM PAID ON SHARES REDEEMED.....</b>	30,065,004	30,966,013	
<b>EARNED SURPLUS.....</b>	4,990,705	3,472,078	
<b>UNREALIZED APPRECIATION OF INVESTMENTS</b>	707,845	2,341,893	
	41,348,718	42,497,411	
	41,478,232	42,543,718	
Net asset value per share	\$7.40	\$7.43	

SIGNED ON BEHALF OF THE BOARD

J. P. TARDIF Director

J. P. GUIMONT Director



**STATEMENT OF PREMIUM ON SHARES**  
for the year ended August 31, 1968

	1968	1967
	\$	\$
<b>BALANCE — BEGINNING OF YEAR.....</b>	30,966,013	29,109,444
Plus:		
Proceeds from sale of mutual fund shares of the capital stock, less \$1 per share, credited to capital stock —		
( 891,633 shares in 1968 and 1,080,112 shares in 1967) . . . . .	5,613,103	6,754,069
	36,579,116	35,863,513
Less:		
Commissions paid on sale of shares . . . . .	167,773	299,449
Portion of premium received on sale of mutual fund shares, transferred to surplus to equalize the amount per share available for dividend . . . . .	24,002	36,350
Premium paid on redemption of mutual fund shares (1,023,896 shares in 1968 and 750,303 shares in 1967) . . . . .	6,322,337	4,561,701
	6,514,112	4,897,500
<b>BALANCE — END OF YEAR.....</b>	30,065,004	30,966,013

**STATEMENT OF UNREALIZED APPRECIATION OF INVESTMENTS**  
for the year ended August 31, 1968

	1968	1967
	\$	\$
<b>BALANCE — BEGINNING OF YEAR.....</b>	2,341,893	(1,864,272)
(Decrease) increase for the year . . . . .	(1,634,048)	4,206,165
<b>BALANCE — END OF YEAR.....</b>	707,845	2,341,893

**SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.**  
(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)





## INVESTMENTS AS AT AUGUST 31, 1968

COMMON STOCKS	Number of shares	market value	Percent of total investments at market value
		\$	%
<b>BANKS AND FINANCE</b>			
Canadian Imperial Bank of Commerce . . . . .	32,700	539,550	1.4
Bank of Montreal . . . . .	25,000	340,750	.8
Banque Canadienne Nationale . . . . .	50,000	575,000	1.4
The Quebec Savings Bank . . . . .	14,000	77,000	.2
* American Express Company . . . . .	9,000	663,600	1.7
		2,195,900	5.5
<b>CHEMICAL AND TEXTILES</b>			
* Bristol Myers Company . . . . .	6,000	485,850	1.2
DuPont of Canada Limited . . . . .	10,000	325,000	.8
		810,850	2.0
<b>CONSTRUCTION</b>			
Asbestos Corporation Limited . . . . .	30,000	690,000	1.7
Canadian Interurban Properties Limited . . . . .	10,000	330,000	.8
		1,020,000	2.5
<b>CONSUMERS' GOODS</b>			
Canadian Breweries Limited . . . . .	30,000	277,500	.7
Couvrette & Provost Ltée . . . . .	50,000	369,000	.9
Crush International Limited . . . . .	15,000	277,500	.7
Distillers Corporation — Seagrams Limited . . . . .	15,000	690,000	1.7
Hiram Walker Gooderham & Worts Limited . . . . .	25,000	956,250	2.4
* M.C.A. Inc. . . . .	22,500	1,158,300	2.9
* Philip Morris, Incorporated . . . . .	6,000	328,175	.8
George Weston Limited — Class "A" . . . . .	35,000	682,500	1.7
Woodward Stores (1947) Limited — Class "A" . . . . .	36,000	733,675	1.8
		5,472,900	13.6
<b>ELECTRONIC</b>			
* Alloys Unlimited Inc. . . . .	7,000	289,025	.7
* American Broadcasting Companies Inc. . . . .	7,000	498,325	1.3
* Avco Corporation . . . . .	8,000	381,800	1.0
* International Business Machines Corporation . . . . .	1,600	574,850	1.4
* Rollins Inc. . . . .	5,000	335,150	.8
* Sperry Rand Corporation . . . . .	15,000	738,100	1.8
* Xerox Corporation . . . . .	2,500	747,400	1.9
* Zenith Radio Corporation . . . . .	10,000	576,475	1.4
		4,141,125	10.3



COMMON STOCKS	Number of shares	market value	Percent of total investments at market value
		\$	%
<b>METALS</b>			
Alcan Aluminium Limited . . . . .	40,700	1,043,150	2.6
Bethlehem Copper Corporation Ltd. . . . .	15,000	176,250	.5
Craigmont Mines Limited . . . . .	14,400	137,525	.3
Denison Mines Limited . . . . .	10,000	740,000	1.8
Falconbridge Nickel Mines, Limited . . . . .	10,000	987,500	2.5
Kerr Addison Mines Limited . . . . .	13,900	246,725	.6
Noranda Mines Limited . . . . .	25,000	1,293,750	3.2
Rio Algom Mines Limited . . . . .	30,000	975,000	2.4
		5,599,900	13.9
<b>OIL AND GAS</b>			
The Alberta Gas Trunk Line Company Limited — Class "A" . . . . .	14,000	490,000	1.2
Central Del-Rio Oils Limited . . . . .	22,500	354,375	.9
Imperial Oil Limited . . . . .	25,000	1,925,000	4.8
Jefferson Lake Petrochemicals of Canada Ltd. . . . .	20,000	735,000	1.8
* Kerr McGee Oil Industries . . . . .	5,000	694,450	1.7
* Royal Dutch Petroleum Company . . . . .	10,000	537,600	1.4
Texaco Canada Limited . . . . .	35,000	1,076,250	2.7
		5,812,675	14.5
<b>PUBLIC UTILITIES</b>			
The Consumers' Gas Company . . . . .	50,000	1,031,500	2.5
Northern and Central Gas Company Limited . . . . .	50,000	750,000	1.9
		1,781,500	4.4
<b>PULP AND PAPER</b>			
Domtar Limited . . . . .	25,000	262,500	.6
Fraser Companies Limited . . . . .	15,000	240,000	.6
The Great Lakes Paper Company Limited . . . . .	17,000	306,000	.8
MacMillan, Bloedel Limited . . . . .	25,000	600,000	1.5
The Price Company Limited . . . . .	35,000	389,550	1.0
		1,798,050	4.5



COMMON STOCKS	Number of shares	market value	Percent of total investments at market value
		\$	%
<b>STEEL AND MANUFACTURING</b>			
The Algoma Steel Corporation Limited . . . . .	20,000	352,600	.9
* Diversified Metals Corporation . . . . .	10,000	375,375	.9
Dominion Foundries and Steel, Limited . . . . .	20,500	369,000	.9
Massey-Ferguson Limited . . . . .	25,000	443,750	1.1
* McDonnell Douglas Corporation . . . . .	6,000	294,400	.7
The Steel Company of Canada Limited . . . . .	30,000	630,000	1.6
		2,465,125	6.1
<b>TRANSPORTATION</b>			
Canadian Pacific Railway Company . . . . .	28,000	1,722,000	4.3
* National Airlines Inc. . . . .	15,000	498,725	1.2
Western Air Lines, Inc. . . . .	15,000	528,950	1.3
		2,749,675	6.8
<b>TOTAL COMMON STOCKS</b>		33,847,700	84.1
<b>PREFERRED STOCKS</b>			
Alcan Aluminium Limited 4¼% cumulative, convertible . . . . .	9,800	333,200	.8
Anglo-Canadian Pulp and Paper Mills, Limited — 4½% cumulative, convertible . . . . .	1,000	14,000	—
Columbia Cellulose Company, Limited — \$1.20 cumulative, convertible . . . . .	8,000	102,000	.3
Shell Investments Limited — 5½% cumulative, convertible . . . . .	30,000	990,000	2.4
Trans-Canada Pipe Lines Limited — \$2.75 cumulative, convertible . . . . .	10,000	705,000	1.8
<b>TOTAL PREFERRED STOCKS</b>		2,144,200	5.3



<b>BONDS AND SECURED NOTES</b>	<b>Par value</b>	<b>Market value</b>	<b>Percent of total investments at market value</b>
<b>BONDS</b>		\$	%
<b>GOVERNMENT</b>			
The Government of Canada 5% October 1, 1973 . . . . .	700,000	661,500	1.6
<b>CONVERTIBLE OR WITH WARRANTS</b>			
* Alloys Unlimited Inc. convertible June 1, 1993 Home Oil Company Limited — 5½% December 1, 1984, convertible . . . . .	75,000 500,000	72,200 610,000	.2 1.5
* Ling-Temco-Vought, Inc. 6¾% January 10, 1970 with 1,875 warrants . . . . .	250,000	349,225	.9
* LTV Aerospace Corp. — 6¾% August 15, 1988 with 4,500 warrants . . . . .	150,000	177,775	.4
Scurry Rainbow Oil Limited — 7¼% May 1, 1988 convertible . . . . .	300,000	351,000	.9
* Standard International Corporation — converti- ble subordinated, 5% January 8, 1987 . . . . .	185,000	219,250	.6
<b>TOTAL BONDS</b>		2,440,950	6.1
<b>SECURED NOTES</b>			
Alliance Credit Corporation 6½% on demand . . .	99,000	99,000	.3
Banque Canadienne Nationale 7% October 23, 1968 . . . . .	700,000	700,000	1.8
The Bank of Nova Scotia 7% September 16, 1968	500,000	500,000	1.2
The Provincial Bank of Canada — 7% October 23, 1968 . . . . .	500,000	500,000	1.2
<b>TOTAL SECURED NOTES</b> . . . . .		1,799,000	4.5
<b>TOTAL BONDS AND SECURED NOTES</b> . . .		4,239,950	10.6
<b>TOTAL INVESTMENTS</b> . . . . .		40,231,850	100.0

\* United States companies common shares and bonds — valued as follows :

Market value — at the rate of exchange prevailing as at August 31, 1968.



## PORTFOLIO TRANSACTIONS

September 1st, 1967 — August 31st, 1968

### PURCHASES

Canadian Securities:	Net Increase	New Total
Alcan Aluminium . . . . .	700	40,700
Bethlehem Copper . . . . .	15,000	15,000
Canadian Breweries . . . . .	30,000	30,000
Canadian Interurban Properties, Units . . . . .	10,000	10,000
Dupont of Canada . . . . .	5,000	10,000
Falconbridge Nickel . . . . .	10,000	10,000
Imperial Oil . . . . .	10,000	25,000
Jefferson Lake . . . . .	15,000	20,000
Kerr Addison Mines . . . . .	13,900	13,900
Noranda Mines . . . . .	5,000	25,000
Price . . . . .	35,000	35,000
Rio Algom Mines . . . . .	10,000	30,000
Shell Investment, Pfd. 5.5% cv . . . . .	5,000	30,000
Texaco Canada . . . . .	35,000	35,000
Trans Canada Pipe Lines, Pfd. \$2.75 cv . . . . .	10,000	10,000
Hiram Walker . . . . .	25,000	25,000

### American Securities:

Alloys Unlimited . . . . .	7,000	7,000
American Express . . . . .	7,000	9,000
Avco Corporation . . . . .	3,000	8,000
Diversified Metals . . . . .	10,000	10,000
International Business Machine . . . . .	575	1,600
Kerr McGee Oil . . . . .	5,000	5,000
M.C.A. Inc. . . . .	12,500	22,500
McDonnell Douglas . . . . .	6,000	6,000
National Airlines . . . . .	15,000	15,000
Philip Morris . . . . .	6,000	6,000
Rollins, Inc. . . . .	5,000	5,000
Royal Dutch . . . . .	10,000	10,000
Sperry Rand . . . . .	5,000	15,000
Western Airlines . . . . .	5,000	15,000
Xerox Corp. . . . .	1,100	2,500
Alloys Unlimited, 4.5% 6/1 /93 . . . . .	75.M	75.M
LTV Aerospace, cum. wts. 6¼% 8/15/88 . . . . .	150.M	150.M
Standard International Cv 5% 1/8/87 . . . . .	35.M	185.M
Zenith Radio Corp. . . . .	8,000	10,000

### SALES

Canadian Securities:	Net Decrease	New Total
Alcan Aluminium, Pfd. 4¼% cv . . . . .	700	9,800
Alberta Gas Trunk Line . . . . .	1,000	14,000
Anglo Canadian P. & P. 4.5% cv . . . . .	16,950	1,000
Bank of Nova Scotia . . . . .	20,000	—
British American Oil . . . . .	25,000	—
Canadian Imperial Bank of Commerce . . . . .	2,300	32,700
Canadian Petrofina . . . . .	25,000	—
Central Del Rio Oils . . . . .	2,500	22,500
Columbia Cellulose cv \$1.20 PRD . . . . .	2,000	8,000
Consolidated Paper . . . . .	5,000	—
Consumers Gas . . . . .	10,500	50,000
Craigmont Mines . . . . .	600	14,400
Crush International . . . . .	15,000	15,000
Distillers Seagrams . . . . .	20,000	15,000
Dominion Bridge . . . . .	200	15,800
Hudson Bay Mining . . . . .	10,000	—
Imperial Tobacco . . . . .	25,000	—
Industrial Acceptance . . . . .	20,000	—
International Nickel . . . . .	16,000	—
International Utilities . . . . .	20,000	—
Lambert, Alfred "A" . . . . .	7,500	—
Lamontagne, Ltd. "A" . . . . .	6,900	—
M. Loeb Ltd. . . . .	20,000	—
Northern & Central Gas Pfd. \$1.50 cv . . . . .	10,000	—
Provincial Bank of Canada . . . . .	15,000	—
Royal Bank of Canada . . . . .	17,500	—
Toronto-Dominion Bank . . . . .	15,000	—
Westcoast Transmission . . . . .	20,000	—

### American Securities:

Coastal States Gas Products	10,000	—
Dennison Manufacturing . . . . .	8,000	—
Eli Lilly . . . . .	5,000	—
Goodrich B.F. . . . .	7,000	—
Litton Industries . . . . .	5,000	—
New York Central R.R. . . . .	5,000	—
Polaroid Corp. . . . .	2,700	—
Sinclair Oil . . . . .	6,000	—
Singer Co. . . . .	8,000	—
Spencer Gifts . . . . .	20,000	—



Subsidiary of Savings and Investment Group which administers assets of over \$150,000,000, Savings and Investment Mutual is distributed by Savings and Investment Ltd.

## SAVINGS AND INVESTMENT GROUP

holding company.

### SAVINGS AND INVESTMENT LTD.

offers to the client, with its Savings Plans, the opportunity of accumulating over periods of 10, 15 or 20 years the amount of capital required to meet his financial objectives; also offers to the public reserve accumulation plans, Registered Retirement Savings Plans, Educational Plans and Single Premium Annuity Certificates.

### SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

its portfolio, closely supervised by specialists, brings to its shareholders a valuable participation in the growth of the Canadian economy. The Fund is a member of the Canadian Mutual Funds Association.

### SAVINGS AND INVESTMENT AMERICAN FUND LTD.

Complements the range of financial services by offering the opportunity of investment in American and other securities through its dynamic and professionally managed portfolio.

### SAVINGS AND INVESTMENT TRUST COMPANY

offers to the public the services of various departments specialized in financial, estate, tax and legal matters as: testamentary executorship, estate planning, investment management, personal and group pension plan administration, guaranteed deposits, investment certificates, mortgage loans, purchase and sale of residential, commercial or industrial properties and real estate administration; also offers the usual corporate trust services. This company operates in the Province of Quebec.

### AETERNA LIFE

is in a position to handle all insurance plans issued by insurance companies: whole life, term insurance, endowments, life annuities, etc. The Company has offices in the main cities of the Province of Quebec, where its specialists in matters of insurance are at the disposal of the public at large to discuss the requirements concerning protection for themselves, for their families, or their property.



## OFFICES AND REGIONS

### HEAD OFFICE:

850 D'YOUVILLE SQUARE, QUEBEC, P.Q.

### REGIONS

### ADDRESSES

#### QUEBEC

MONTREAL — LAFONTAINE

MONTREAL — ST-JACQUES

ABITIBI

SAGUENAY

QUEBEC

QUEBEC — MONTCALM

QUEBEC — CHAMPLAIN

MONTMORENCY

SHERBROOKE

MANICOUAGAN

GASPESIA

LAURENTIDES

1290 St-Denis St. Suite 30 — Montreal

225 St-Jacques St. West, — Montreal

100 Perreault St. Est — Rouyn

Murdock Building, 23 Racine St. — Chicoutimi

850 d'Youville Square — Quebec (4)

1815 de la Vérendrye St., Quebec (3), P.Q.

31 King St. West, Suite 415 — Sherbrooke

1146 Desrochers St. — Hauterive

30 de l'Evêché St., East, — Rimouski, Qué.

675, 20th Avenue, St-Jérôme, P.Q.

#### ONTARIO

TORONTO

SUDBURY

LONDON

PORT ARTHUR

OTTAWA

KITCHENER

WINDSOR

696 Yonge St. — Toronto 5

116 Elm St., East, Suite 403 — Sudbury

381 Clarence St. — London

53 North, Cumberland St., — Port Arthur

77 Metcalfe St., Suite 801-A — Ottawa 4

60 Ontario St. North, — Kitchener

500 Ouellette St., Suite 702 — Windsor

#### ATLANTIC PROVINCES

NOVA SCOTIA

NEW BRUNSWICK

NEWFOUNDLAND

Halifax Shopping Centre, suite 210,  
7001 Mumford Rd., Halifax, N.S.

20 Charlotte St. — Saint John, N.B.

Churchill Park Chambers, Rowan St., St. John's Nfld.



member







AR49



# PROSPECTUS

OFFERING MUTUAL FUND SHARES OF:

**SAVINGS AND INVESTMENT CORPORATION  
MUTUAL FUND OF CANADA LTD.**

**SAVINGS AND INVESTMENT  
AMERICAN FUND LTD.**

NOVEMBER 16, 1968







## **SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.**

is hereinafter called “the Canadian Fund”.

and

## **SAVINGS AND INVESTMENT AMERICAN FUND LTD.**

is hereinafter called “the American Fund”.

## **CHARACTERISTICS**

THE CANADIAN FUND offers you the opportunity to participate in an investment portfolio made up of some of the best Canadian securities—industrial, financial and governmental, and a few of the most progressive companies of the United States in the scientific or technical field.

Through the acquisition of Mutual Fund Shares of THE AMERICAN FUND, a person acquires interest in selected enterprises on the North American Continent, and even eventually of other continents. This will enable the shareholder to participate in investments in companies which, by means of modern technology, are directing their production towards appropriate sectors of the market.

## **3 Ways of Investing**

There are three ways to invest in Mutual Fund Shares of the companies:

- a) Lump sum investment.
- b) Monthly contractual investment plans.
- c) Retirement investment plans with instalments deductible for income tax purposes.



# Questions and Answers

- |  |  |
|--|--|
| 1. Can an investor invest under the above 3 types of investments?          | Yes.   |
| 2. Minimum payment required for investment?                                | \$300.00 in the Canadian Fund<br>\$1,000.00 in the American Fund   |
| 3. Minimum required for subsequent deposits?                               | \$50.00  |
| 4. Minimum first instalment for a monthly contractual plan?                | \$20.00  |
| 5. Net asset value:  |  |
| Canadian Fund as at August 31st, 1968                                      | \$ 7.40  |
| American Fund as at August 31st, 1968                                      | \$11.22  |
| 6. How are dividends paid?   |  |
| In the Canadian Fund   | Quarterly — February, May, August and November.  |
| In the American Fund   | Dividends declared are systematically reinvested.  |
| 7. Is there any acquisition fee for the reinvestment of dividends?         | No.  |
| 8. When can I cash some of my shares?                                      | Any time on request.   |
| 9. Who is the distributor of the funds?                                    | Savings and Investment Ltd.  |
| 10. Where and how can I start investing in the above mentioned three ways? | Through the Head Office of Savings and Investment Ltd., or through your Savings and Investment representative, or by contacting the nearest of 20 regional offices of Savings and Investment Ltd. in Canada, as listed on the inside back cover of the Prospectus. |



# Prospectus

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## **1—Legal Status of The Canadian Fund and of The American Fund**

The Canadian Fund was incorporated under the Canada Corporations Act by Letters Patent dated August 7th, 1956. Supplementary Letters Patent dated October 31st, 1966 were issued to the Canadian Fund for the following purposes: (a) to cancel Special Shares already redeemed; (b) to increase to 20,000,000 the authorized number of the Special Shares; and, (c) to change the words "Special Shares" to "Mutual Fund Shares".

The American Fund was incorporated under the Canada Corporations Act by Letters Patent dated November 28th, 1967.

## **2—Head Offices and Principal Offices**

The Canadian Fund and the American Fund have their respective Head Offices and Principal Offices at 850 Place d'Youville, Quebec, P.Q., Canada.

## **3—Policies**

It is a policy of both the Canadian Fund and American Fund to issue no securities other than Mutual Fund Shares.

Under their Letters Patent, both the Canadian Fund and the American Fund have power to deal in and deal with securities of every description.

The policies of the Canadian Fund and the American Fund differ in that the Canadian Fund expects to invest mostly in Canadian Securities whereas the American Fund expects to invest mostly in American Securities.

In the interests of their shareholders both the Canadian Fund and the American Fund have enacted by-laws (which can only be changed by by-law) imposing certain restrictions which have proved sound in the operation of investment companies. A by-law of the Canadian Fund (and the American Fund has a similar by-law) provides that:

### **1. The Directors of the company may not at any time:**

(a) Invest more than 10% of the value of the company's total assets (taken at market value at time of purchase) in the securities of any issuer, except in the case of securities issued or guaranteed by the Government of Canada, any Province thereof, and the United States Government or in other qualified Mutual Funds subject to 3. below;

(b) Invest in securities of any issuer if such purchase at the time thereof would cause more than 10% of the voting stock of such issuer to be held by the company;

(c) Purchase securities which are the object of an initial sale and distribution, unless said securities may be lawfully sold and distributed in the jurisdiction where the head office of the company is situated or in the jurisdiction where the head office of the issuer of such securities is situated;

(d) Purchase securities on margin or effect short sales;

(e) Underwrite or participate in the marketing of securities of others;

(f) Borrow money except under certain exceptional circumstances, or for redemption of shares. Such loans, in any event, shall never exceed 5% of the company's total assets (taken at the market value at time of borrowing);

(g) Agree to make any loan to or grant any loan to any officer or director of the company or of the American Fund or of Savings and Investment Ltd. or of Savings and Investment Group or of Savings and Investment Trust Company or to any of these companies;

(h) Purchase securities other than through normal public market facilities, except under exceptional circumstances and then the purchase price must approximate the prevailing market price or be negotiated on an arm's length basis;

(i) Invest in any security which may, by its terms, require the company to make an additional contribution;

(j) Purchase or sell commodities or commodity contracts;

(k) Make loans guaranteed or secured by hypothecs (or mortgages);

(l) Purchase real estate.

2. Any officer, director or employee of the company engaged in investment research or participating in any way in any investment decision with respect to the securities of an issuer in which such officer, director or employee has any interest, direct or indirect, shall immediately disclose such interest.

3. It is not the intention of the company to invest in securities issued by another Mutual Fund, but if the company decides to do so, it will only do so if:

(a) The Fund whose securities are being acquired has similar general investment policies as the company;

(b) The Fund whose securities are being acquired has complied with all the requirements if any, of the regulatory bodies having jurisdiction in the Provinces where such Fund is doing business;

(c) The shares of the Fund being acquired are purchased at the asset value of such Fund;

(d) Not more than one management fee is paid, either by the company or by the Fund whose securities are being acquired, with respect to the asset value of the latter's shares during the period such shares are held by the company.

Voting rights of shareholders of the Canadian Fund and of the American Fund being restricted (See section 6), such shareholders have no control over the investment policies of the Canadian Fund or of the American Fund.

#### **4—Tax Status of The Canadian Fund and of The American Fund**

1. Interest received by the Canadian Fund and the American Fund from Canadian and American securities is considered taxable income;

2. Dividends from Canadian taxable corporations are tax-exempt in the hands of the Canadian Fund and the American Fund; however, dividends from American corporations constitute taxable income;



3. There is a withholding tax of 15% by the Government of the United States on interest and dividends from American securities received by the Canadian Fund and the American Fund. However, such 15% tax is deductible from Canadian income tax as provided in the Income Tax Act (Canada);

4. Under the laws of the United States and Canada now in force, capital gains of the Canadian Fund and the American Fund are not taxable.

5. The Canadian Fund, for the fiscal year ended August 31st, 1968, qualified as an investment company under Section 69 of the Income Tax Act (Canada). The American Fund is taxable as an ordinary Canadian corporation.

## **5—Shareholders' Tax Status**

Any distribution to the shareholders of the Canadian Fund or of the American Fund in the form of dividends is taxable in their hands at their personal income tax rates subject, however, to the dividend tax credit of 20% afforded to them by Section 38 of the Income Tax Act (Canada). Shareholders who are taxable Canadian corporations are not subject to corporation taxes on dividends received from either the Canadian Fund or the American Fund.

As both the Canadian Fund and the American Fund are taxable Canadian corporations, shareholders residing in Canada are not subject to foreign succession duties or estate taxes relative to the shares which they hold in either of these companies.

## **6—Share Capital Structure**

The authorized capital of each of the Canadian Fund and the American Fund is \$20,001,000.00 divided into 20,000,000 Mutual Fund Shares and 1,000 Common Shares, all of which shares have a par value of \$1.00 each and may be issued as fractional shares. In the case of each company, all the Common Shares were issued and fully paid up at the inception of such company and are now outstanding. No Common Shares of either company are offered for sale to the public. Only Mutual Fund Shares of the Canadian Fund and Mutual Fund Shares of the American Fund are offered to the public; they are issued for cash only as fully paid and non-assessable shares.

The holders of Mutual Fund Shares of the Canadian Fund, as such, are not entitled to receive notices of general meetings, to be present thereat, or to vote as long as the Canadian Fund does not fail to pay a dividend on its Mutual Fund Shares for a period of twenty-four (24) consecutive months. The holders of Mutual Fund Shares of the American Fund, as such, are not entitled to receive notices of general meetings, to be present thereat, or to vote as long as the American Fund is not in default, for a period of twenty-four (24) consecutive months, in payment of at least a non-cumulative dividend of 1/10 of 1% of par value on its Mutual Fund Shares.

A Mutual Fund Share, whether of the Canadian Fund or of the American Fund, is redeemable at its asset value by the issuer thereof at any time at the request of the holder thereof upon delivery to the Head Office of the issuer the Share Certificate therefor properly endorsed for redemption and with such endorsement guaranteed by a Chartered Bank, Trust Company or Caisse Populaire; if the Mutual Fund Share to be redeemed is registered in the name of a limited

company or partnership there must also be annexed to and delivered with the Share Certificate evidence in writing establishing that the person or persons who signed the endorsement had authority to do so. Where it is impossible to deliver a Share Certificate representing a Mutual Fund Share to be redeemed by reason of such Certificate being lost, destroyed or damaged, the shareholder shall furnish the issuer with a bond of a surety company in an amount satisfactory to the issuer.

In the case of each of the Canadian Fund and the American Fund, the holders of Mutual Fund Shares are entitled to participate share for share with holders of Common Shares in any and all payments made to shareholders, whether by way of dividends or by way of distribution of capital.

In the case of each of the Canadian Fund and the American Fund, Common Shares have full voting rights and are not subject to redemption or purchase for cancellation but in all other respects Common Shares rank equally with Mutual Fund Shares.

As of August 31st, 1968, the Canadian Fund had issued an aggregate of 8,988,706.47 Mutual Fund Shares for a total consideration of \$62,991,232.24 and 3,404,542.03 had been redeemed for a total consideration of \$23,491,290.11 leaving 5,584,164.44 Mutual Fund Shares outstanding; between August 31st, 1968 and October 17th, 1968, 50,814.98 Mutual Fund Shares were issued and 301,720.38 were redeemed.

As of August 31st, 1968, the American Fund had issued an aggregate of 26,605.55 Mutual Fund Shares for a total consideration of \$285,060.73 and none redeemed leaving 26,605.55 Mutual Fund Shares outstanding; between August 31st, 1968 and October 17th, 1968, 41,857.06 Mutual Fund Shares were issued and 223.98 were redeemed.

## **7—Principal Holder of Common Shares**

Savings and Investment Group of 850 Place d'Youville, Quebec, P.Q., is the principal holder of the Common Shares of both the Canadian Fund and the American Fund. It is the owner of record and the beneficial owner of 98.8% of the Common Shares of the Canadian Fund and the beneficial owner of the remaining 1.2% thereof. It is the owner of record and the beneficial owner of 99.1% of the Common Shares of the American Fund and the beneficial owner of the remaining 0.9% thereof.

Savings and Investment Group is also the owner of record and the beneficial owner of 99.9% and the beneficial owner of the remaining 0.1% of all the Common Shares of Savings and Investment Ltd., the Distributor of Mutual Fund Shares issued by the Canadian Fund and the American Fund.

Savings and Investment Group provides the Canadian Fund and the American Fund with advisory services, statistical data and recommendations (see Section 12 below).

## **8—Directors and Officers of The Canadian Fund (Names, positions held in The Canadian Fund, home addresses and principal occupation within the five preceding years)**

\*# Jean-Paul Tardif, M.S.C., President and Director,  
1286 Lemoine St., Sillery, P.Q.  
President of Savings and Investment Group.



Director of:

Provident Assurance Company  
Les Fonds F.I.C., Inc.  
Merrill Island Mining Corporation Ltd.  
Quebec Land and Realty Company  
Aeterna Life Insurance Company  
(Chairman of the Board)  
Crédit Mauricien Inc.  
Savings and Investment American Fund Ltd.  
Savings and Investment Ltd.

\*# Philippe Côté, A.D.B.A., 1st Vice-Pres. and Director,  
819 Bon-Air Ave., Ste. Foy, P.Q.  
Architect.

\*# Frank Spénard, 2nd Vice-Pres. and Director,  
2259 5th Ave., Three Rivers, P.Q.  
Financier.

\*# André Verge, Q.C., Secretary and Director,  
2080 Hélène Boulé Ave., Ste. Foy, P.Q.  
Barrister.

Director of:

Aeterna Life Insurance Company  
(Executive Vice-President)  
Savings and Investment American Fund Ltd.  
Savings and Investment Ltd.

# Hon. Jacques Flynn, Q.C., Vice-President and Director  
1086 Thornhill Park, Sillery, P.Q.  
Barrister.

Director of:

Quebec Land and Realty Company  
Canada Cement Co. Ltd.  
Le Prêt Hypothécaire  
Industries Valcartier Inc.  
Savings and Investment American Fund Ltd.

\* Louis-Philippe Gingras, Director,  
913 Cardinal Rouleau St., Quebec, P.Q.  
Wholesale Dealer (until 1965, Contractor).

\* Lévis Tardif, Director,  
823 Cherbourg St., Ste. Foy, P.Q.  
Public Relations Officer.

\*# Henri F. Béique, Eng., Director,  
965 St. Louis Road, Sillery, P.Q.  
President of Savings and Investment Trust Company.  
Director of:  
Aeterna Life Insurance Company.

\*# Jean-Paul Guimont, M.S.C., C.G.A., Director,  
32 Des Alliés Blvd., Quebec, P.Q.  
General Manager and Executive Vice-President of Savings and Investment Group  
(Until 1964, Executive Vice-President and General Manager  
of The Laurentian Life Insurance Company).

Director of:

Aeterna Life Insurance Company  
(Executive President)  
Savings and Investment American Fund Ltd.  
Savings and Investment Ltd.

Maurice Samson, C.A., O.B.E., Director,  
1025 Des Braves Ave., Quebec, P.Q.  
Financier.

Director of:

Quebec Land and Realty Company  
(President)  
Merrill Island Mining Corporation Ltd.  
(Vice-President)  
Champlain Paper Box Co. Ltd.  
(President)  
Savings and Investment American Fund Ltd.

# Paul Chapdelaine, C.A., Director,  
633 Laird Blvd., Ville Mont-Royal, P.Q.  
President of The St-Lawrence Cement Co.

Director of:

United Provinces Insurance Co.  
Cartier Refined Sugars Limited  
Savings and Investment American Fund Ltd.

# Jacques Taschereau, Director,  
315 Laurier Ave., Quebec, P.Q.

Notary.

Director of:

Savings and Investment American Fund Ltd.

Jules Bélanger, C.A., Treasurer,  
785 Place Philippe, Ste. Foy, P.Q.  
Treasurer of Savings and Investment Group

Director of:

Savings and Investment Ltd.

**Directors and Officers of The American Fund (Names, positions held in The American Fund,  
home addresses and principal occupations within the five preceding years)**

\*# Jean-Paul Tardif, M.S.C., President and Director,  
1286 Lemoine St., Sillery, P.Q.  
President of Savings and Investment Group.



Director of:

Provident Assurance Company  
Les Fonds F.I.C., Inc.  
Merrill Island Mining Corporation Ltd.  
Quebec Land and Realty Company  
Aeterna Life Insurance Company  
(Chairman of the Board)  
Crédit Mauricien Inc.  
Savings and Investment Corporation Mutual Fund of Canada Ltd.  
Savings and Investment Ltd.

# Hon. Jacques Flynn, Q.C., Vice-President and Director  
1086 Thornhill Park, Sillery, P.Q.  
Barrister.

Director of:

Quebec Land and Realty Company  
Canada Cement Co. Ltd.  
Le Prêt Hypothécaire  
Industries Valcartier Inc.

\*# Jean-Paul Guimont, M.S.C., C.G.A., Director  
32 Des Alliés Blvd., Quebec, P.Q.  
General Manager and Executive Vice-President of  
Savings and Investment Group  
(Until 1964, General Manager and Executive Vice-President of  
The Laurentian Life Assurance Company)  
Director of:  
Aeterna Life Insurance Company  
(Executive President)  
Savings and Investment Corporation Mutual Fund of Canada Ltd.  
Savings and Investment Ltd.

\*# Andre Verge, Q.C., Secretary and Director,  
2080 Helene Boule Ave., Ste. Foy, P.Q.  
Barrister.

Director of:

Aeterna Life Insurance Company  
(Executive Vice-President)  
Savings and Investment Corporation Mutual Fund of Canada Ltd.  
Savings and Investment Ltd.

Maurice Samson, C.A., O.B.E., Director.  
1025 Des Braves Ave., Quebec, P.Q.  
Financier.

Director of:

Quebec Land and Realty Company  
(President)  
Merrill Island Mining Corporation Ltd.  
(Vice-President)

Champlain Paper Box Co. Ltd.

(President)

Savings and Investment Corporation Mutual Fund of Canada Ltd.

# Paul Chapdelaine, C.A., Director,  
633 Laird Blvd., Ville Mont-Royal, P.Q.  
President of The St-Lawrence Cement Co.

Director of:

United Provinces Insurance Co.

Cartier Refined Sugars Limited

Savings and Investment Corporation Mutual Fund of Canada Ltd.

# Jacques Taschereau, Director,  
315 Laurier Ave., Quebec, P.Q.

Notary.

Director of:

Savings and Investment Corporation Mutual Fund of Canada Ltd.

Jules Belanger, C.A., Treasurer,  
785 Place Philippe, Ste. Foy, P.Q.  
Treasurer of Savings and Investment Group

Director of:

Savings and Investment Ltd.

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\* Director of Savings and Investment Group.

# Director of Savings and Investment Trust Company.

By-Laws of the Canadian Fund and of the American Fund provide that the Directors have the power to fix their remuneration.

During the fiscal year which ended August 31, 1968, the Directors of the Canadian Fund, as such, received remuneration aggregating \$4,750. During the current fiscal year the Canadian Fund plans to pay to the Directors as such, remuneration estimated not to exceed \$5,100.

During the last fiscal year which ended August 31, 1968, no remuneration was paid to the Directors of the American Fund, as such.

During the current fiscal year the American Fund plans to pay to the Directors, as such, remuneration estimated not to exceed \$3,000. No remuneration is payable by the Canadian Fund to any of its officers or employees, as such, nor is any remuneration payable by the American Fund to any of its officers or employees as such (see Section 12).

## **9—Auditors**

The Canadian Fund's Auditors for the fiscal year which ended August 31, 1968, were McDonald, Currie & Co., Chartered Accountants, 65 Ste. Anne St., Quebec, P.Q. and Robert Leboeuf, Chartered Accountant, 1188 Cartier Ave., Quebec, P.Q. The auditors appointed at the annual meeting of the Canadian Fund held on October 23, 1968, were McDonald, Currie & Co.

The American Fund's Auditors are McDonald, Currie & Co., Chartered Accountants, 65 Ste. Anne St., Quebec, P.Q.



## **10—Custodian**

Securities owned by the Canadian Fund and by the American Fund are deposited for safekeeping with Savings and Investment Trust Company, 850 Place d'Youville, Quebec, P.Q., which has arranged with two Canadian Chartered Banks to act as sub-custodians in the United States for the American securities presently held in safekeeping by First National City Bank, New York, and owned by the Canadian Fund and by the American Fund, respectively.

During its last fiscal year, the Canadian Fund paid to Savings and Investment Trust Company \$11,721 as fees, up to August 31, 1968, no fees were paid by the American Fund to Savings and Investment Trust Company.

## **11—Method of Distribution**

Mutual Fund Shares to be issued by the Canadian Fund and Mutual Fund Shares to be issued by the American Fund are offered to the public continuously by Savings and Investment Ltd. Under the terms of Distributorship Agreements between the Canadian Fund and Savings and Investment Ltd. dated January 2nd, 1968, amended May 6th, 1968, and between the American Fund and Savings and Investment Ltd. dated April 24th, 1968, Savings and Investment Ltd. makes available to both the Canadian Fund and the American Fund its sales staff and facilities for the handling of applications and delivering share certificates. Where considered advisable, Savings and Investment Ltd. may arrange for registered brokers or investment dealers to participate with it in the distribution of the Mutual Fund Shares.

In Section 14 below, a description is given of how sales are made on a commission basis. In this case, all applications for shares are forwarded to the issuer's head office for acceptance or rejection and the issuer reserves the right to reject any application. In Section 15 below, a description is given of how a subscriber may purchase Mutual Fund Shares on a monthly instalment basis — where certain fees, which include commissions, are paid to Savings and Investment Ltd. which, itself, accepts or rejects the application.

Selling expenses as provided for in the Distributorship Agreements are borne by Savings and Investment Ltd. and are compensated by the commissions it receives.

The initial term of the Distributorship Agreements was, in each case, two years and each party had the right to terminate the Agreement at the end of such term on six months' prior notice to the other party with the proviso that, if neither party gave notice of termination, the Agreement was automatically renewed for a further period of two years with the same right of termination and renewal and so on from time to time.

On the sale of Mutual Fund Shares issued by the Canadian Fund between September 1st, 1967 and August 31st, 1968, an aggregate of \$167,773 was paid as commissions to Savings and Investment Corporation and to Savings and Investment Ltd. Savings and Investment Ltd. replaced Savings and Investment Corporation as Distributor at the beginning of 1968.

On the sale of Mutual Fund Shares issued by the American Fund, from August 12th, 1968 to August 31st, 1968, Savings and Investment Ltd. was paid as commissions the sum of \$7,431.

## 12 — Investment Service Agreements

Under Investment Service Agreements between the Canadian Fund and Savings and Investment Group dated January 2nd, 1968, amended May 6th, 1968, and between the American Fund and Savings and Investment Group dated April 24th, 1968, Savings and Investment Group is obliged to furnish advisory services, statistical data and recommendations (which may be accepted or rejected — the Directors of the Canadian Fund and the Directors of the American Fund, as the case may be, having the power to take the final decision in any matter) with respect to the purchase and sale or the acquisition and disposition of securities. However, to facilitate daily operations, the Board of Directors of each of the Canadian Fund and the American Fund has authorized any one of its officers to approve recommendations made by Savings and Investment Group with respect to purchases and sales of securities and all such purchases and sales are reviewed quarterly by the Board of Directors concerned. A Committee of Savings and Investment Group provides recommendations. The members of such Committee are: Jean Paul Tardif (see Section 8); Jean Paul Guimont (see Section 8); Jacques Tremblay, Vice-President, Investments, 1150 Ploermel, Sillery; Claude Boulanger, Assistant Vice-President, Investments, 2590 Plaza, Sillery; Jules Belanger (see Section 8). For investments in American securities, this Committee is assisted by Lewis Colman, President, Lewis B. Colman Inc., 120 Broadway St., New York.

For the investment services provided by Savings and Investment Group, each of the Canadian Fund and the American Fund pays to Savings and Investment Group a monthly fee amounting to one-sixteenth of one percent ( $\frac{1}{16}$  of 1%) of the value of its net assets, determined as of the close of business on the last full business day of each calendar month; such fee is to be calculated on the first business day following the last business day of each calendar month and paid within the next five full business days. The expenses of each of the Canadian Fund and the American Fund are limited in that the fees paid to Savings and Investment Group, plus its other expenses, shall not exceed annually one percent of its average net asset value, determined on the last full business day of each calendar month.

In consideration of the monthly fees payable as above mentioned to Savings and Investment Group by the Canadian Fund, Savings and Investment Group is obliged to pay or reimburse the Canadian Fund for all its expenses (not including losses due to theft or defalcation of assets) except:

1. The remuneration payable by the Canadian Fund under its Investment Service Agreement with Savings and Investment Group;
2. All commissions, expenses, fees, costs and allowances provided for in any agreement, written or oral, or otherwise incurred by the Canadian Fund, directly or indirectly, in connection with offering for sale and distributing its Mutual Fund Shares;
3. All taxes of any kind payable by the Canadian Fund;
4. All custodian and trustee fees, costs and expenses; costs and expenses in connection with the auditing and certification of the records and accounts of the Canadian Fund by independent Public Accountants;
5. All brokerage commissions and charges in connection with the purchase and sale of assets;
6. All fees and expenses paid to Directors of the Canadian Fund; premiums on fidelity and



surety bonds covering Officers, Directors and employees of the Canadian Fund; all expenses of barristers, solicitors and attorneys who are not Officers of Savings and Investment Group (other Officers of the Canadian Fund are paid by Savings and Investment Group).

7. Postage on all communications, notices and statements to brokers, dealers and shareholders of the Canadian Fund; costs and expenses in connection with obtaining and printing dividend cheques, reports to shareholders, notices, proxy statements and tax notices to shareholders and the cost of envelopes in which the same are to be mailed;

8. Any losses due to judgments or adjustments not covered by surety or fidelity bonds or by agreement or obligation.

Likewise, in consideration of the monthly fees payable as above mentioned to Savings and Investment Group by the American Fund, Savings and Investment Group is obliged to pay or reimburse the American Fund for all its expenses, subject to similar exclusions and exceptions.

The initial term of the Investment Service Agreements was, in each case, two years and each party had the right to terminate the Agreement at the end of such term on six months' prior notice to the other party with the proviso that, if neither party gave notice of termination, the Agreement was automatically renewed for a further period of two years with the same right of termination and renewal and so on from time to time.

The aforesaid Investment Service Agreements, the Distributorship Agreements referred to in Section 11 above, and Custodianship Agreements between the Canadian Fund and Savings and Investment Trust Company and between the American Fund and Savings and Investment Trust Company may be examined at the Head Office of Savings and Investment Group, 850 Place d'Youville, Quebec, P.Q. during regular business hours.

For the period September 1st, 1967 to August 31st, 1968, Savings and Investment Group (called Savings and Investment Corporation up to January 1st, 1968) received from the Canadian Fund \$229,431 as fees under the Investment Service Agreement between the Canadian Fund and Savings and Investment Group. For the period to August 31st, 1968, Savings and Investment Group received from the American Fund \$193 as fees under the Investment Service Agreement between the American Fund and Savings and Investment Group.

**FINANCIAL STATEMENTS  
OF THE CANADIAN FUND  
FOR THE YEAR ENDED  
AUGUST 31, 1968**



# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

## BALANCE SHEET AS AT AUGUST 31, 1968

### ASSETS

	1968	1967
	\$	\$
<i>Investments — at market value</i>		
Bonds and secured notes .....	3,421,500	3,185,600
United States companies bonds .....	818,450	567,525
Preferred stocks .....	2,144,200	1,978,850
Common stocks — Canadian companies .....	24,141,150	26,564,800
— United States companies .....	9,706,550	9,606,850
	<u>40,231,850</u>	<u>41,903,625</u>
The average cost of the investments as at August 31, 1968 was \$39,524,005 (1967 — \$39,561,732)		
<i>Current Assets:</i>		
Cash in bank and with a trust company .....	683,680	480,192
Due by brokers .....	410,329	—
Accrued interest and dividends receivable .....	152,373	159,901
	<u>1,246,382</u>	<u>640,093</u>
	<u>41,478,232</u>	<u>42,543,718</u>

Approved and signed on behalf of the Board,

J. P. TARDIF, Director

J. P. GUIMONT, Director

### AUDITORS' REPORT

To the Directors,  
Savings and Investment Corporation Mutual Fund of Canada Ltd.  
(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

We have examined the balance sheet of Savings and Investment Corporation Mutual Fund of Canada Ltd. (Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée) as at August 31, 1968 and the statements of income and expenditure, unrealized appreciation (depreciation) of investments, premium on shares, surplus and changes in net assets for the five years then ended. Our examination included a general review of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at August 31, 1968 and the results of its operations for the five years then ended, in accordance with generally accepted accounting principles applied on a consistent basis.

QUEBEC, November 15, 1968.

McDONALD, CURRIE & CO.  
ROBERT LEBOEUF  
Chartered Accountants

# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

BALANCE SHEET AS AT AUGUST 31, 1968

## LIABILITIES

	1968	1967
	\$	\$
<i>Current Liabilities:</i>		
Accounts payable and accrued liabilities .....	34,111	39,645
Due to brokers .....	76,369	—
Income taxes .....	19,034	6,662
	<u>129,514</u>	<u>46,307</u>

## SHAREHOLDERS' EQUITY

### Capital Stock:

Common shares —

Authorized, issued and fully paid:

1,000 shares of a par value of \$1 each ..... 1,000 1,000

Mutual fund shares of a par value of \$1 each (Redeemable on demand  
by the holders at asset value) —

	Shares-1968	Shares-1967
Authorized .....	20,000,000	20,000,000
Redeemed .....	<u>1,774,199</u>	<u>750,303</u>
	<u>18,225,801</u>	<u>19,249,697</u>

Outstanding:

Issued and fully paid ..... 5,584,164 5,716,427 5,584,164 5,716,427  
(The shares issued during the year  
were paid in cash)

<i>Premium received on shares issued, less premium paid on shares redeemed...</i>	30,065,004	30,966,013
<i>Earned surplus .....</i>	4,990,705	3,472,078
<i>Unrealized appreciation of investments .....</i>	707,845	2,341,893
	<u>41,348,718</u>	<u>42,497,411</u>
	<u>41,478,232</u>	<u>42,543,718</u>

Net asset value per share ..... \$7.40 \$7.43



# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

## STATEMENT OF INCOME AND EXPENDITURE

For the five years ended August 31, 1968

	1968	1967	1966	1965	1964
<i>Income:</i>	\$	\$	\$	\$	\$
Dividends .....	1,117,990	1,200,913	1,071,871	782,979	558,023
Interest .....	270,040	307,770	328,779	217,363	175,559
	<u>1,388,030</u>	<u>1,508,683</u>	<u>1,400,650</u>	<u>1,000,342</u>	<u>733,582</u>
<i>Expenditure:</i>					
Management fees .....	229,431	201,925	181,836	143,444	102,201
Custodian fees .....	11,721	10,576	9,752	7,046	5,374
Directors' fees .....	4,750	5,100	5,250	4,550	4,600
Legal fees .....	1,711	3,501	580	1,097	512
Audit fees .....	4,280	4,120	2,200	2,000	2,000
Stationery and printing .....	16,043	14,775	10,913	10,595	9,449
Corporation taxes .....	1,550	1,550	1,550	1,550	1,286
Insurance .....	5,542	—	—	3,045	—
Bank charges .....	1,981	1,108	1,502	1,792	1,255
Miscellaneous .....	11,960	8,236	5,226	2,980	3,764
	<u>288,969</u>	<u>250,891</u>	<u>218,809</u>	<u>178,099</u>	<u>130,441</u>
<i>Income from investments before provision for income taxes .....</i>	<i>1,099,061</i>	<i>1,257,792</i>	<i>1,181,841</i>	<i>822,243</i>	<i>603,141</i>
<i>Provision for income taxes .....</i>	<i>38,968</i>	<i>41,168</i>	<i>38,359</i>	<i>24,861</i>	<i>18,230</i>
<i>Net income from investments for the year (excluding profit realized on sale of investments) .....</i>	<u><i>1,060,093</i></u>	<u><i>1,216,624</i></u>	<u><i>1,143,482</i></u>	<u><i>797,382</i></u>	<u><i>584,911</i></u>

## STATEMENT OF SURPLUS

For the five years ended August 31, 1968

	1968	1967	1966	1965	1964
	\$	\$	\$	\$	\$
<i>Balance available for distribution — beginning of year .....</i>	<i>3,472,078</i>	<i>2,485,414</i>	<i>1,890,409</i>	<i>1,409,663</i>	<i>865,564</i>
<i>Plus:</i>					
Portion of premium received on sale of mutual fund shares, transferred to surplus to equalize the amount per share available for dividend .....	24,002	36,350	49,963	53,279	23,790
<i>Less:</i>					
Corresponding portion of premium paid on redemption of mutual fund shares .....	(29,942)	(24,422)	(15,546)	(7,522)	(9,600)
Profit realized on sale of investments .....	1,819,149	1,113,539	615,410	486,672	573,438
Net income from investments for the year .....	<u>1,060,093</u>	<u>1,216,624</u>	<u>1,143,482</u>	<u>797,382</u>	<u>584,911</u>
	<u>6,345,380</u>	<u>4,827,505</u>	<u>3,683,718</u>	<u>2,739,474</u>	<u>2,038,103</u>
<i>Less:</i>					
Dividends paid .....	<u>1,354,675</u>	<u>1,355,427</u>	<u>1,198,304</u>	<u>849,065</u>	<u>628,440</u>
<i>Balance available for distribution — end of year .....</i>	<u><i>4,990,705</i></u>	<u><i>3,472,078</i></u>	<u><i>2,485,414</i></u>	<u><i>1,890,409</i></u>	<u><i>1,409,663</i></u>

# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

## STATEMENT OF PREMIUM ON SHARES

For the five years ended August 31, 1968

	1968	1967	1966	1965	1964
	\$	\$	\$	\$	\$
<i>Balance — Beginning of year</i> .....	30,966,013	29,109,444	23,375,122	15,361,396	12,662,333
Plus:					
Proceeds from sale of mutual fund shares of the capital stock, less \$1 per share, credited to capital stock .....	5,613,103	6,754,069	9,052,362	10,370,455	5,118,830
	<u>36,579,116</u>	<u>35,863,513</u>	<u>32,427,484</u>	<u>25,731,851</u>	<u>17,781,163</u>
Less:					
Commissions paid on sale of shares ....	167,773	299,449	592,587	745,052	354,598
Portion of premium received on sale of mutual fund shares, transferred to sur- plus to equalize the amount per share available for dividend .....	24,002	36,350	49,963	53,279	23,790
Premium paid on redemption of mutual fund shares .....	6,322,337	4,561,701	2,675,490	1,558,398	2,041,379
	<u>6,514,112</u>	<u>4,897,500</u>	<u>3,318,040</u>	<u>2,356,729</u>	<u>2,419,767</u>
<i>Balance — End of year</i> .....	<u>30,065,004</u>	<u>30,966,013</u>	<u>29,109,444</u>	<u>23,375,122</u>	<u>15,361,396</u>

*Note:* Number of mutual fund shares issued 1968—891,633 shares 1967—1,080,112 shares  
Number of mutual fund shares redeemed 1968—1,023,896 shares 1967—750,303 shares

## STATEMENT OF UNREALIZED APPRECIATION (DEPRECIATION) OF INVESTMENTS

For the five years ended August 31, 1968

	1968	1967	1966	1965	1964
	\$	\$	\$	\$	\$
<i>Balance — Beginning of year</i> .....	2,341,893	(1,864,272)	2,271,445	2,521,647	431,074
Increase (decrease) for the year .....	(1,634,048)	4,206,165	(4,135,717)	(250,202)	2,090,573
<i>Balance — End of year</i> .....	<u>707,845</u>	<u>2,341,893</u>	<u>(1,864,272)</u>	<u>2,271,445</u>	<u>2,521,647</u>



# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

## STATEMENT OF CHANGES IN NET ASSETS

For the five years ended August 31, 1968

	1968	1967	1966	1965	1964
	\$	\$	\$	\$	\$
<i>Balance — Beginning of year</i> . . . . .	42,497,411	35,118,204	31,996,535	22,491,683	16,675,486
Plus:					
Proceeds from sale of mutual fund shares less commissions paid . . . . .	6,336,963	7,534,732	9,821,823	11,132,671	5,609,437
Profit realized on sale of investments . . .	1,819,149	1,113,539	615,410	486,672	573,438
Net income from investments for the year . . . . .	1,060,093	1,216,624	1,143,482	797,382	584,911
Increase in unrealized appreciation of investments . . . . .	—	4,206,165	—	—	2,090,573
	51,713,616	49,189,264	43,577,250	34,908,408	25,533,845
Less:					
Payments on redemption of mutual fund shares . . . . .	7,376,175	5,336,426	3,125,025	1,812,606	2,413,722
Dividends paid . . . . .	1,354,675	1,355,427	1,198,304	849,065	628,440
Decrease in unrealized appreciation of investments . . . . .	1,634,048	—	4,135,717	250,202	—
	10,364,898	6,691,853	8,459,046	2,911,873	3,042,162
<i>Balance — End of year</i> . . . . .	41,348,718	42,497,411	35,118,204	31,996,535	22,491,683

# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

## INVESTMENTS AS AT AUGUST 31, 1968

COMMON STOCKS	Number of shares	Average cost \$	Market value \$	Percent of total investments at market value %
<i>Banks and finance</i>				
Canadian Imperial Bank of Commerce .....	32,700	426,517	539,550	1.4
Bank of Montreal .....	25,000	320,237	340,750	.8
Banque Canadienne Nationale .....	50,000	616,420	575,000	1.4
The Quebec Savings Bank .....	14,000	121,500	77,000	.2
* American Express Company .....	9,000	406,302	663,600	1.7
		1,890,976	2,195,900	5.5
<i>Chemicals and textiles</i>				
* Bristol Myers Company .....	6,000	400,143	485,850	1.2
DuPont of Canada Limited .....	10,000	389,925	325,000	.8
		790,068	810,850	2.0
<i>Construction</i>				
Asbestos Corporation Limited .....	30,000	783,928	690,000	1.7
Canadian Interurban Properties Limited .....	10,000	342,765	330,000	.8
		1,126,693	1,020,000	2.5
<i>Consumers' Goods</i>				
Canadian Breweries Limited .....	30,000	287,594	277,500	.7
Couvrette & Provost Ltée .....	50,000	292,500	369,000	.9
Crush International Limited .....	15,000	187,675	277,500	.7
Distillers Corporation-Seagrams Limited .....	15,000	456,504	690,000	1.7
Hiram Walker-Gooderham & Worts Limited .....	25,000	830,299	956,250	2.4
* M.C.A. Inc. ....	22,500	800,202	1,158,300	2.9
* Philip Morris, Incorporated .....	6,000	341,084	328,175	.8
George Weston Limited — Class "A" .....	35,000	656,194	682,500	1.7
Woodward Stores (1947) Limited — Class "A" .....	36,000	410,793	733,675	1.8
		4,262,845	5,472,900	13.6
(Forward) .....		8,070,582	9,499,650	23.6



# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

## INVESTMENTS AS AT AUGUST 31, 1968 (Continued)

COMMON STOCKS	Number of shares	Average cost	Market value	Percent of total investments at market value
		\$	\$	%
(Brought forward) .....		8,070,582	9,499,650	23.6
<i>Electronic</i>				
* Alloys Unlimited Inc. ....	7,000	335,548	289,025	.7
* American Broadcasting Companies Inc. ....	7,000	639,817	498,325	1.3
* Avco Corporation .....	8,000	499,775	381,800	1.0
* International Business Machines Corporation .....	1,600	398,943	574,850	1.4
* Rollins Inc. ....	5,000	351,668	335,150	.8
* Sperry Rand Corporation .....	15,000	707,983	738,100	1.8
* Xerox Corporation .....	2,500	731,160	747,400	1.9
* Zenith Radio Corporation .....	10,000	641,256	576,475	1.4
		4,306,150	4,141,125	10.3
<i>Metals</i>				
Alcan Aluminium Limited .....	40,700	1,273,930	1,043,150	2.6
Bethlehem Copper Corporation Ltd. ....	15,000	176,595	176,250	.5
Craigmont Mines Limited .....	14,400	269,289	137,525	.3
Denison Mines Limited .....	10,000	468,361	740,000	1.8
Falconbridge Nickel Mines, Limited .....	10,000	993,360	987,500	2.5
Kerr Addison Mines Limited .....	13,900	254,493	246,725	.6
Noranda Mines Limited .....	25,000	1,276,226	1,293,750	3.2
Rio Algom Mines Limited .....	30,000	574,497	975,000	2.4
		5,286,751	5,599,900	13.9
<i>Oil and gas</i>				
The Alberta Gas Trunk Line Company Limited —				
Class "A" .....	14,000	469,697	490,000	1.2
Central Del-Rio Oils Limited .....	22,500	432,813	354,375	.9
Imperial Oil Limited .....	25,000	1,438,502	1,925,000	4.8
Jefferson Lake Petrochemicals of Canada Ltd. ....	20,000	885,955	735,000	1.8
* Kerr McGee Oil Industries .....	5,000	642,515	694,450	1.7
* Royal Dutch Petroleum Company .....	10,000	512,449	537,600	1.4
Texaco Canada Limited .....	35,000	1,085,994	1,076,250	2.7
		5,467,925	5,812,675	14.5
(Forward) .....		23,131,408	25,053,350	62.3

# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

## INVESTMENTS AS AT AUGUST 31, 1968 (Continued)

COMMON STOCKS	Number of shares	Average cost	Market value	Percent of total investments at market value
		\$	\$	%
(Brought forward) .....		23,131,408	25,053,350	62.3
<i>Public Utilities</i>				
The Consumers' Gas Company .....	50,000	768,959	1,031,500	2.5
Northern and Central Gas Company Limited .....	50,000	730,271	750,000	1.9
		1,499,230	1,781,500	4.4
<i>Pulp and paper</i>				
Domtar Limited .....	25,000	490,317	262,500	.6
Fraser Companies Limited .....	15,000	450,481	240,000	.6
The Great Lakes Paper Company Limited .....	17,000	485,525	306,000	.8
MacMillan, Bloedel Limited .....	25,000	755,247	600,000	1.5
The Price Company Limited .....	35,000	366,727	389,550	1.0
		2,548,297	1,798,050	4.5
<i>Steel and manufacturing</i>				
The Algoma Steel Corporation Limited .....	20,000	688,153	352,600	.9
* Diversified Metals Corporation .....	10,000	358,260	375,375	.9
Dominion Foundries and Steel, Limited .....	20,500	474,325	369,000	.9
Massey-Ferguson Limited .....	25,000	509,149	443,750	1.1
* McDonnell Douglas Corporation .....	6,000	342,099	294,400	.7
The Steel Company of Canada Limited .....	30,000	783,893	630,000	1.6
		3,155,879	2,465,125	6.1
(Forward) .....		30,334,814	31,098,025	77.3



# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

## INVESTMENTS AS AT AUGUST 31, 1968 (Continued)

COMMON STOCKS	Number of shares	Average cost	Market value	Percent of total investments at market value
		\$	\$	%
(Brought forward) .....		30,334,814	31,098,025	77.3
<i>Transportation</i>				
Canadian Pacific Railway Company .....	28,000	1,663,137	1,722,000	4.3
* National Airlines Inc. ....	15,000	639,838	498,725	1.2
* Western Air Lines, Inc. ....	15,000	712,930	528,950	1.3
		<u>3,015,905</u>	<u>2,749,675</u>	<u>6.8</u>
<i>Total Common Stocks</i> .....		<u>33,350,719</u>	<u>33,847,700</u>	<u>84.1</u>
<b>PREFERRED STOCKS</b>				
Alcan Aluminium Limited —				
4¼ % cumulative, convertible .....	9,800	416,264	333,200	.8
Anglo Canadian Pulp and Paper Mills, Limited —				
4½ % cumulative, convertible .....	1,000	23,887	14,000	—
Columbia Cellulose Company Limited —				
\$1.20 cumulative, convertible .....	8,000	198,055	102,000	.3
Shell Investments Limited —				
5½ % cumulative, convertible .....	30,000	861,972	990,000	2.4
Trans-Canada Pipe Lines Limited —				
\$2.75 cumulative, convertible .....	10,000	554,500	705,000	1.8
<i>Total Preferred Stocks</i> .....		<u>2,054,678</u>	<u>2,144,200</u>	<u>5.3</u>
<b>BONDS AND SECURED NOTES</b>				
<i>Bonds:</i>	Nominal Value			
<i>Government:</i>	\$			
Government of Canada — 5% October 1, 1973...	700,000	688,398	661,500	1.6
<i>Convertible or with Warrants:</i>				
* Alloys Unlimited Inc. — convertible June 1, 1993 ..	75,000	80,780	72,200	.2
Home Oil Company Limited —				
5½ % December 1, 1984, convertible .....	500,000	598,725	610,000	1.5
* Ling-Temco-Vought, Inc. —				
6¾ % January 10, 1970 with 1,875 warrants...	250,000	270,156	349,225	.9

# SAVINGS AND INVESTMENT CORPORATION MUTUAL FUND OF CANADA LTD.

(Fonds Mutuel Corporation de Prêt et Revenu du Canada Ltée)

## INVESTMENTS AS AT AUGUST 31, 1968 (Continued)

BONDS AND SECURED NOTES	Nominal Value	Average cost	Market value	Percent of total investments at market value
	\$	\$	\$	%
* LTV Aerospace Corp. — 6¾% August 15, 1988 with 4,500 warrants....	150,000	160,875	177,775	.4
Scurry Rainbow Oil Limited — 7¼% May 1, 1988 convertible .....	300,000	317,375	351,000	.9
* Standard International Corp. — convertible, subordinated 5% January 8, 1987..	185,000	203,074	219,250	.6
		2,319,383	2,440,950	6.1
<i>Secured Notes:</i>				
Alliance Credit Corporation — 6½% on demand .....	99,000	99,225	99,000	.3
Banque Canadienne Nationale — 7% October 23, 1968	700,000	700,000	700,000	1.8
The Bank of Nova Scotia — 7% September 16, 1968..	500,000	500,000	500,000	1.2
The Provincial Bank of Canada — 7% October 23, 1968 .....	500,000	500,000	500,000	1.2
		1,799,225	1,799,000	4.5
<i>Total Bonds and Secured Notes .....</i>		4,118,608	4,239,950	10.6
<i>Total Investments .....</i>		39,524,005	40,231,850	100.0

\*United States companies common shares and bonds—valued as follows:

Average cost—at the rate of exchange prevailing at the date of purchase.

Market value—at the rate of exchange prevailing as at August 31, 1968.

To the Directors,  
Savings and Investment Corporation  
Mutual Fund of Canada Ltd.  
(Fonds Mutuel Corporation de Prêt  
et Revenu du Canada Ltée)

We report that, in our opinion, the statement of investments as at August 31, 1968, which forms part of the financial statements of the company as at that date, fairly presents the information which it purports to show.

McDONALD, CURRIE & CO.  
ROBERT LEBOEUF  
Chartered Accountants

QUEBEC, November 15, 1968.





**13-A**

**FINANCIAL STATEMENTS**

**OF THE AMERICAN FUND**

**FOR THE PERIOD FROM NOVEMBER 28, 1967,**

**THE DATE OF INCORPORATION,**

**TO AUGUST 31, 1968**



# SAVINGS AND INVESTMENT AMERICAN FUND LTD.

(Fonds Américain Prêt et Revenu Ltée)

(Incorporated by letters patent under the Canada Corporations Act on November 28, 1967).

## BALANCE SHEET AS AT AUGUST 31, 1968

### ASSETS

<i>Investments</i> — at market value		\$
Bank term deposit .....	100,000	
Bond .....	11,850	
Common stocks .....	106,750	
	<u>218,600</u>	

The average cost of the investments as at August 31, 1968 was \$213,505.

### *Current Assets:*

Cash .....	110,206	
Due by a broker .....	23,136	
Accrued interest .....	346	
	<u>133,688</u>	
	<u>352,288</u>	

Approved and signed on behalf of the Board,

J. P. TARDIF, Director

J. P. GUIMONT, Director

### AUDITORS' REPORT

To the Directors

Savings and Investment American Fund Ltd.

(Fonds Américain Prêt et Revenu Ltée)

We have examined the balance sheet of Savings and Investment American Fund Ltd. (Fonds Américain Prêt et Revenu Ltée) as at August 31, 1968 and the statements of income and expenditure, premium on shares, surplus and changes in net assets for the period then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at August 31, 1968 and the results of its operations for the period then ended, in accordance with generally accepted accounting principles.

QUEBEC, November 15, 1968.

McDONALD, CURRIE & CO.

Chartered Accountants

# SAVINGS AND INVESTMENT AMERICAN FUND LTD.

(Fonds Américain Prêt et Revenu Ltée)

(Incorporated by letters patent under the Canada Corporations Act on November 28, 1967).

## BALANCE SHEET AS AT AUGUST 31, 1968

### LIABILITIES

<i>Current Liabilities:</i>		\$
Accounts payable and accrued liabilities .....	7,365	
Due to brokers .....	34,652	
Income taxes .....	558	
		<u>42,575</u>

### SHAREHOLDERS' EQUITY

<i>Capital Stock:</i>		
Common shares —		
Authorized, issued and fully paid during the period:		
1,000 shares of a par value of \$1 each .....	1,000	
Mutual fund shares of a par value of \$1 each (Redeemable on demand by the holders at asset value) —		
Authorized — 20,000,000 shares		
Outstanding:		
Issued and fully paid during the period — 26,606 shares.....	26,606	
(The common and mutual fund shares issued during the period were paid in cash)	27,606	
<i>Premium received on shares issued .....</i>	260,024	
<i>Earned surplus .....</i>	16,988	
<i>Unrealized appreciation of investments .....</i>	5,095	
		<u>309,713</u>
		<u>352,288</u>
Net asset value per share .....		<u>\$11.22</u>

*Note:* The fund was incorporated on November 28, 1967, but commenced its operations only on August 12, 1968.



## SAVINGS AND INVESTMENT AMERICAN FUND LTD.

(Fonds Américain Prêt et Revenu Ltée)

### STATEMENT OF PREMIUM ON SHARES

For the period from November 28, 1967 to August 31, 1968

Proceeds from the sale during the period of 1,000 common shares and 26,606 mutual fund shares of the capital stock, less \$1 per share, credited to capital stock .....	\$ 267,455
Less:	
Commissions paid on sale of shares .....	7,431
<i>Balance — August 31, 1968</i> .....	<u>260,024</u>

### STATEMENT OF INCOME AND EXPENDITURE

For the period from November 28, 1967 to August 31, 1968

<i>Income:</i>	\$
Interest .....	2,053
<i>Expenditure:</i>	
Management fees .....	194
Audit fees .....	525
Miscellaneous .....	<u>48</u>
	767
	<u>1,286</u>
<i>Provision for income taxes</i> .....	558
<i>Net income from investments for the period</i> (excluding profit realized on sale of investments) .....	<u>728</u>

### STATEMENT OF SURPLUS

For the period from November 28, 1967 to August 31, 1968

	\$
Profit realized on sale of investments .....	16,260
Net income from investments for the period .....	<u>728</u>
<i>Balance — August 31, 1968</i> .....	<u>16,988</u>

SAVINGS AND INVESTMENT AMERICAN FUND LTD  
(Fonds Américain Prêt et Revenu Ltée)

STATEMENT OF CHANGES IN NET ASSETS  
For the period from November 28, 1967 to August 31, 1968

	\$
Balance — Beginning of period	—
Plus: Proceeds from the sale of 1,000 common shares and 26,606 mutual fund shares of the capital-stock, less commissions paid . . . . .	287,630
Profit realized on sale of investments . . . . .	16,260
Net income from investments for the period . . . . .	728
Unrealized appreciation of investments . . . . .	5,095
Balance August 31, 1968 . . . . .	309,713



# SAVINGS AND INVESTMENT AMERICAN FUND LTD.

(Fonds Américain Prêt et Revenu Ltée)

INVESTMENTS AS AT AUGUST 31, 1968

COMMON STOCKS	Number of shares	Average cost \$	Market value \$	Percent of total investments at market value %
<i>Electronic:</i>				
* Com-Share Southern Inc. ....	500	20,926	22,525	10.3
* Control Data Corporation .....	50	8,413	7,025	3.2
Facs Limited .....	500	2,500	6,250	2.9
* General Instrument Corporation .....	150	7,763	7,925	3.6
* International Business Machine Corporation .....	25	9,265	8,975	4.1
* Trans-Lux Corporation .....	100	7,171	6,725	3.1
* Xerox Corporation .....	25	7,740	7,475	3.4
		63,778	66,900	30.6
<i>Finance:</i>				
Charter Credit Corporation .....	1,000	7,000	8,500	3.9
<i>Oil and gas:</i>				
Scurry-Rainbow Oil Limited .....	500	17,398	17,250	7.9
<i>Transportation:</i>				
* Penn Central Co. ....	200	14,572	14,100	6.4
<i>Total Common Stocks</i> .....		102,748	106,750	48.8
	Nominal value \$			
<b>BOND AND BANK TERM DEPOSIT</b>				
<i>Bond with warrants:</i>				
* LTV Aerospace Corp. — 6¾ % August 15, 1988 with 300 warrants .....	10,000	10,757	11,850	5.5
<i>Bank Term Deposit:</i>				
Banque Canadienne Nationale — 6¾ % November 13, 1968 .....	100,000	100,000	100,000	45.7
<i>Total Bond and Bank Term Deposit</i> .....		110,757	111,850	51.2
<i>Total Investments</i> .....		213,505	218,600	100.0

\*United States companies common shares and bond—valued as follows:

Average cost—At the rate of exchange prevailing at the date of purchase.

Market value—At the rate of exchange prevailing as at August 31, 1968.

To the Directors,

Savings and Investment American Fund Ltd.  
(Fonds Américain Prêt et Revenu Ltée)

We report that, in our opinion, the statement of investments as at August 31, 1968 which forms part of the financial statements of the company as at that date, fairly presents the information which it purports to show.

QUEBEC, November 15, 1968.

McDONALD, CURRIE & CO.  
Chartered Accountants

#### **14—Price of Mutual Fund Shares on Sale or Redemption**

Except as described in Section 15 below, Mutual Fund Shares of both the Canadian Fund and the American Fund are:

1. Sold at asset value plus a commission, the two together constituting the public offering price;
2. Redeemed at asset value.

#### **GROSS ASSET VALUE OF THE CANADIAN FUND**

The gross asset value of the Canadian Fund as of the close of business on any day is determined as follows:

(a) the market value of each security which shall be listed or traded in upon the Toronto Stock Exchange shall be determined by the closing sale price thereon and if there was no sale of such security on such exchange on the day of such determination, then by the mean between the closing bid and asked prices of such security as reported on such exchange on the date as of which such market value is being ascertained or, in case there shall be no such bid and asked prices for such security on such date, then by the closing price or the mean between the closing bid and asked prices for such security on the last preceding date upon which such exchange shall have been opened and upon which such closing price or bid and asked price shall have been made;

(b) the market value of any security which is not listed or traded in upon the Toronto Stock Exchange but which is listed or traded in upon another recognized securities exchange shall be determined in the same manner as in (a) above by reference to prices on such other exchange or in case such security be listed or traded in upon more than one other recognized securities exchange by reference to prices on such exchange as shall be determined by or pursuant to the direction of the board of directors to be the principal exchange upon which such security is listed or traded in, provided that, where any such other exchange is outside Canada, prices thereon shall be converted into prices in lawful money of Canada adjusted to take into account the then prevailing market differential applicable in Canada to transactions in such security;

(c) the market value of any security, no provision for the valuation of which is contained in (a) or (b) above, shall be determined by the best available quotation or method approved by or pursuant to the direction of the board of directors;

(d) dividends declared but not yet received, or rights, in respect of securities which are quoted ex-dividend or ex-rights, shall be included at the value thereof as determined by or pursuant to the direction of the board of directors;

(e) the value of any other assets of the company shall be determined in such manner as may be approved from time to time by or pursuant to the direction of the Board of Directors;

(f) if the sale of shares issued by the company shall at any time be discontinued, the Board of Directors may in its discretion, pursuant to resolution, deduct from the value of the assets listed in (a), (b), (c), (d) and (e) above an amount equal to the brokerage commissions, transfer taxes and charges, if any, which would be payable on the sale of such securities if they were then being sold.



## **GROSS ASSET VALUE OF THE AMERICAN FUND**

The gross asset value of the American Fund as of the close of business on any day shall be determined as follows.

(a) the market value of each security which shall be listed or traded on such day upon the Toronto Stock Exchange or upon the New York Stock Exchange, depending on whether the security involved is Canadian or American, shall be determined by the sale price as of the close of business upon such exchange; or, if there was no sale of such security upon such exchange on that day, by the mean between the closing bid and asked prices for such a security as reported on such exchange on such day; or, if there was no such bid and asked prices for such security on such day, by the closing price or by the mean between the closing bid and asked prices for such security on the last preceding day upon which such exchange shall have been open for business and upon which a closing price or bid and asked price shall have been fixed;

(b) the market value of any security which is not listed or traded upon the Toronto Stock Exchange or the New York Stock Exchange, as the case may be, but which is listed and traded upon any other recognized securities exchange, shall be determined in the same manner as in (a) above by reference to prices on such other exchange; and, in case such security be listed or traded upon more than one other recognized securities exchange, by reference to prices on the exchange which shall be chosen by the Board of Directors or pursuant to its direction as being the principal exchange upon which such security is listed or traded;

(c) the market value of any security no provision for the valuation of which is contained in (a) or (b) above shall be determined by the best available quotation or method approved by the Board of Directors or pursuant to its direction;

(d) to establish the market value of a security which is quoted upon an exchange situated outside Canada, the prices thereon shall be converted into prices in lawful money of Canada adjusted to take into account the then prevailing rate of exchange applicable in Canada to such transactions;

(e) the value of dividends declared but not yet received, or rights, in respect of securities which are quoted ex-dividend or ex-rights, shall be included in the gross asset value of the Company at a price which shall be determined by the Board of Directors or pursuant to its direction;

(f) the value of any other asset of the company shall be determined according to its market value and in such manner as shall be approved from time to time by the Board of Directors or pursuant to its direction;

(g) if the sale of shares issued by the company is at any time discontinued, the Board of Directors shall have the power, in its discretion, to deduct from the gross asset value of the company, as described above, an amount equal to the brokerage commissions, transfer charges and other charges which would be payable on the sale of securities held by the company if such securities were then being sold.

## **ASSET VALUE OF A MUTUAL FUND SHARE ISSUED BY THE CANADIAN FUND OR BY THE AMERICAN FUND**

The asset value of a Mutual Fund Share, whether issued by the Canadian Fund or by the American Fund, is determined, as hereinafter described, at the end of each business day (for the purpose of sale, at the close of business on the day of reception by the company of the

application form and the required payment or on the next full business day if such day of reception was not a full business day and, for the purpose of redemption, at the close of business on the full business day next following the day of reception of a written request acceptable to the company), by dividing:

(a) The gross asset value (in lawful money of Canada) of the company at the close of business on such day, less the amount determined by the Board of Directors or pursuant to its direction of all debts, obligations or liabilities of the company (which debts, obligations or liabilities include, without limiting the generality of the foregoing, any and all debts, obligations, liabilities and any claims of every kind and nature, whether they be fixed, accrued, unmatured or contingent, and any reserves or charges for any or all thereof, whether for taxes, expenses, contingencies or otherwise) except the company's liability upon its capital stock and surplus;

by:

(b) The total number of Common Shares and Mutual Fund Shares of the capital stock of the company outstanding as at the close of business on the day of such determination.

### SCALE OF COMMISSIONS

#### APPLICABLE TO THE CANADIAN FUND AND THE AMERICAN FUND

Amount of each subscription	Rate of commissions (expressed as a percentage of the public offering price)
Up to \$ 4,950.00.....	9.0%
\$ 5,000.00 to 14,950.00.....	8¾ %
15,000.00 to 24,950.00.....	8.5%
25,000.00 to 49,950.00.....	6.0%
50,000.00 to 74,950.00.....	5.0%
75,000.00 to 99,950.00.....	4.0%
100,000.00 to 149,950.00.....	3.5%
150,000.00 to 199,950.00.....	2.5%
200,000.00 to 499,950.00.....	2.0%

For subscriptions the aggregate amount of which equals or exceeds \$500,000.00, both the Canadian Fund and the American Fund reserve the right to discuss a commission suitable to all parties concerned.

The above graduated scale of sales commissions will apply on initial purchases in the amounts stated and also on any subsequent purchases when the aggregate investment of the same shareholder (and to the extent that such shares are still registered in his name) exceeds \$5,000.00.

For example, if a shareholder had previously purchased and still held shares for which he had paid \$4,950.00 and made a subsequent purchase of \$6,000.00, the sales commission applicable to this latter would be 8¾ % on the amount received from the subscriber; or, if such



shareholder after his initial purchase (shares still held by him) had made an application for an additional \$20,000.00, bringing his aggregate investment to \$24,950.00, the commission on the additional purchase would be 8.5% on the amount received from the subscriber.

The foregoing scale of commissions is applicable to any investment by a single purchaser, even though such purchase may be divided among several accounts, if all of such accounts are those of husband, wife and children under 21 years of age. An individual or corporate trustee, guardian or other fiduciary custodian may have the benefit of the foregoing graduated scale of sales commissions for his fiduciary or guardianship accounts (including accounts in which he has co-fiduciaries). This scale of commissions is also applicable when the purchase is made by the administrator or trustee of a pension fund for the employees of a common employer.

Each of the Canadian Fund and the American Fund adheres to the following principles: if a subscriber signs and delivers to the company a written declaration of his intention to invest in the purchase of Mutual Fund Shares within a period of twenty-four (24) months thereafter at least an aggregate of \$25,000.00 and if, at the end of such twenty-four (24) month period, the subscriber shall have invested the said amount and is still the registered holder of the shares purchased therewith, such subscriber shall be entitled to receive from Savings and Investment Ltd. a credit equal to the difference between the aggregate of the commissions paid on his purchases during such twenty-four (24) month period and the commission which would have been payable if the total investment had been made at the time of his first purchase during such period, and such credit is applied to the purchase for the subscriber of additional Mutual Fund Shares of the company without commission. If, on the contrary, the subscriber fails to carry out his intention to invest the said amount during the said period, Savings and Investment Ltd. is entitled to have the company redeem immediately a number of entire or fractional Mutual Fund Shares of the company sufficient to obtain a sum of \$10.00 to compensate for the additional administrative expense occasioned by the non-fulfilment of the declared intention.

## **15—Variable Investment Plan**

As a convenience to investors, each of the Canadian Fund and the American Fund has arranged with Savings and Investment Ltd. to issue Variable Investment Plan Certificates. A person who applies for such a certificate and whose application is accepted by Savings and Investment Ltd. may invest by monthly instalments in Mutual Fund Shares issued by the Canadian Fund or by the American Fund, as the case may be. Three variations of the plan are offered, based on different numbers of monthly instalments: 119, 179 and 239 monthly instalments respectively. Under the Variable Investment Plan, the acquisition fees, based on the unit of the plan, commence at 9.01% on the amount paid by the subscriber and diminish in relation to the size of the plan as indicated in the Schedules which follow. In addition to the acquisition fees there are administration and custodian fees totalling a maximum of 3% of the amount paid by the subscriber; they also diminish in relation to the size of the plan as indicated in the Schedules which follow. The minimum initial instalment is \$20.00 and the subsequent minimum instalments are \$10.00.

In the case of Mutual Fund Shares acquired under a Variable Investment Plan Certificate, the Shares are purchased and redeemed at asset value calculated as described in Section 14 above. However, the commissions described in Section 14 do not apply; instead, the subscriber pays fees which include commissions. The following tables show how a subscriber's monthly payments are applied:

### PLAN REQUIRING 119 MONTHLY INSTALMENTS\*

50% of each of the first twelve monthly instalments is applied to pay acquisition, administration and custodian fees; the balance of such fees is distributed equally over the remaining instalments under the plan.

Total of the amounts paid per unit	Instalments		Deduction for acquisition fees See NOTE 2 below				Adminis- tration and custodian fees	Total amount available for investment	Total acquisition, administration and custodian fees as a % of the plan denomination
	initial instalment	each sub-sequent instalment	on the initial instalment	on each of the 2nd to 12th instalments	on the 13th and each subsequent instalment	Percent- age	On each instalment		
\$ 1,200	\$ 20.00	\$ 10.00	\$ 9.40	\$ 4.70	\$ .44	9.01	\$ .30	\$ 1,056.12	11.99
1,800	30.00	15.00	14.10	7.05	.66	9.01	.45	1,584.18	11.99
2,400	40.00	20.00	18.80	9.40	.88	9.01	.60	2,112.24	11.99
3,000	50.00	25.00	23.50	11.75	1.10	9.01	.70	2,646.25	11.79
3,600	60.00	30.00	28.20	14.10	1.32	9.01	.75	3,186.21	11.49
4,800	80.00	40.00	37.60	18.80	1.76	9.01	.80	4,272.08	10.99
6,000	100.00	50.00	47.00	23.50	1.95	8.57	1.00	5,366.85	10.55
7,200	120.00	60.00	56.40	28.20	2.34	8.57	1.20	6,440.22	10.55
9,600	160.00	80.00	75.20	37.60	3.07	8.51	1.50	8,604.21	10.37
12,000	200.00	100.00	94.00	47.00	3.60	8.30	1.50	10,825.30	9.79
14,400	240.00	120.00	112.80	56.40	4.28	8.27	1.50	13,030.14	9.51
19,200	320.00	160.00	150.40	75.20	5.29	8.04	2.00	17,418.37	9.28
24,000	400.00	200.00	188.00	94.00	6.60	8.03	2.00	21,833.80	9.02
36,000	600.00	300.00	282.00	141.00	7.00	7.17	2.25	33,150.25	7.91
48,000	800.00	400.00	376.00	188.00	7.00	6.65	3.00	44,450.00	7.39
72,000	1,200.00	600.00	564.00	282.00	7.00	6.13	3.00	67,228.00	6.63

If a purchaser elects to obtain insurance coverage, the premium therefor will be in addition to the other deductions above unless paid by the purchaser (see NOTE 1 below).

### PLAN REQUIRING 179 MONTHLY INSTALMENTS\*

50% of each of the first twelve monthly instalments is applied to pay acquisition, administration and custodian fees; the balance of such fees is distributed equally over the remaining instalments under the plan.

Total of the amounts paid per unit	Instalments		Deduction for acquisition fees See NOTE 2 below				Adminis- tration and custodian fees	Total amount available for investment	Total acquisition, administration and custodian fees as a % of the plan denomination
	initial instalment	each sub-sequent instalment	on the initial instalment	on each of the 2nd to 12th instalments	on the 13th and each subsequent instalment	Percent- age	On each instalment		
\$ 1,800	\$ 20.00	\$ 10.00	\$ 9.40	\$ 4.70	\$ .60	8.96	\$ .30	\$ 1,585.00	11.94
2,700	30.00	15.00	14.10	7.05	.88	8.84	.45	2,380.84	11.82
3,600	40.00	20.00	18.80	9.40	1.15	8.73	.60	3,178.35	11.71
4,500	50.00	25.00	23.50	11.75	1.42	8.66	.70	3,984.81	11.44
5,400	60.00	30.00	28.20	14.10	1.70	8.65	.75	4,798.55	11.14
7,200	80.00	40.00	37.60	18.80	2.25	8.61	.80	6,436.65	10.60
9,000	100.00	50.00	47.00	23.50	2.80	8.59	1.00	8,047.90	10.58
10,800	120.00	60.00	56.40	28.20	3.30	8.49	1.20	9,667.50	10.48
14,400	160.00	80.00	75.20	37.60	4.40	8.49	1.50	12,907.90	10.35
18,000	200.00	100.00	94.00	47.00	5.25	8.27	1.50	16,243.75	9.76
21,600	240.00	120.00	112.80	56.40	5.65	7.76	1.50	19,654.75	9.00
28,800	320.00	160.00	150.40	75.20	7.50	7.74	2.00	26,211.90	8.98
36,000	400.00	200.00	188.00	94.00	9.35	7.73	2.00	32,858.55	8.72
54,000	600.00	300.00	282.00	141.00	12.00	7.11	2.25	49,760.25	7.86
72,000	800.00	400.00	376.00	188.00	12.00	6.18	3.00	67,015.00	6.93
108,000	1,200.00	600.00	564.00	282.00	12.00	5.25	3.00	101,793.00	5.75

If a purchaser elects to obtain insurance coverage, the premium therefor will be in addition to the other deductions above unless paid by the purchaser (see NOTE 1 below).



### PLAN REQUIRING 239 MONTHLY INSTALMENTS\*

50% of each of the first twelve monthly instalments is applied to pay acquisition, administration and custodian fees; the balance of such fees is distributed equally over the remaining instalments under the plan.

Total of the amounts paid per unit	Instalments		Deduction for acquisition fees See NOTE 2 below				Adminis- tration and custodian fees	Total amount available for investment	Total acquisition, administra- tion and custodian fees as a % of the plan denomination
	initial instal- ment	each sub- sequent instalment	on the initial instal- ment	on each of the 2nd to 12th instalments	on the 13th and each subsequent instalment	Percent- age	On each instal- ment		
\$ 2,400	\$ 20.00	\$ 10.00	\$ 9.40	\$ 4.70	\$ .68	8.98	\$ .30	\$ 2,112.84	11.97
3,600	30.00	15.00	14.10	7.05	1.02	8.98	.45	3,169.31	11.97
4,800	40.00	20.00	18.80	9.40	1.36	8.98	.60	4,225.68	11.97
6,000	50.00	25.00	23.50	11.75	1.70	8.98	.70	5,294.05	11.77
7,200	60.00	30.00	28.20	14.10	2.04	8.98	.75	6,374.37	11.47
9,600	80.00	40.00	37.60	18.80	2.72	8.98	.80	8,546.96	10.97
12,000	100.00	50.00	47.00	23.50	3.35	8.88	1.00	10,695.05	10.87
14,400	120.00	60.00	56.40	28.20	3.98	8.82	1.20	12,843.14	10.81
19,200	160.00	80.00	75.20	37.60	5.14	8.62	1.50	17,185.92	10.49
24,000	200.00	100.00	94.00	47.00	6.35	8.55	1.50	21,589.05	10.04
28,800	240.00	120.00	112.80	56.40	7.06	8.11	1.50	26,105.68	9.35
38,400	320.00	160.00	150.40	75.20	9.38	8.09	2.00	34,815.14	9.33
48,000	400.00	200.00	188.00	94.00	11.70	8.08	2.00	43,644.10	9.08
72,000	600.00	300.00	282.00	141.00	12.00	6.33	2.25	66,905.25	7.08
96,000	800.00	400.00	376.00	188.00	12.00	5.38	3.00	90,115.00	6.13
144,000	1,200.00	600.00	564.00	282.00	12.00	4.44	3.00	136,893.00	5.94

If a purchaser elects to obtain insurance coverage, the premium therefor will be in addition to the other deductions above unless paid by the purchaser (see NOTE 1 below).

(\*) If an intermediate unit is sold, the deductions for acquisition, administration and custodian fees will be calculated on the basis of a percentage which will be established between the percentage applicable to the preceding and following units.

NOTE 1: If the subscriber elects to purchase insurance, the premiums for such insurance are deducted by Savings and Investment Ltd. from the amount available for investment or are paid by the subscriber to Savings and Investment Ltd. at the same time and in the same manner as the monthly instalments under the certificate. The amount of insurance coverage is the total amount of all monthly deposits which become due and payable by the subscriber after the date of his death. Such insurance is subject to acceptance by the insuring company. The person insured under the terms of the certificate must be less than 61 years of age at the time of application for a plan requiring 119 monthly instalments, less than 56 years of age for a plan requiring 179 monthly instalments, and less than 51 years of age for a plan requiring 239 monthly instalments.

In addition to the acquisition, administration and custodian fees mentioned in the foregoing tables, Savings and Investment Ltd. may charge the following special fees:

1) A handling charge not in excess of \$2.50 for any dealing with a certificate, whether for redemption, partial realization, realization, termination, reduction of monthly instalments, rein-statement, transfer, pledge or any other cause whatsoever, except for receiving the certificate at the date of its maturity;

2) A quarterly charge of 1/40 of 1% of total monthly instalments paid under the contract, applicable only:

a) After maturity of the certificate, or

b) When the subscriber is in default for a period of 3 months or more.

3) A charge for services rendered to the subscriber in connection with reinvestment of dividends, preparing and mailing to the subscriber tax returns, reports, notices and statements. The amount of this charge will be \$0.005 per share held for the account of the subscriber payable upon payment of each dividend but shall not exceed in the aggregate \$3.00 per annum.

4) All transfer tax payable on account of shares held for the account of the subscriber.

**Under the provisions of the Variable Investment Plan Certificate, the subscriber may, at any time while the contract is in force, terminate the contract by written notice and delivery of the certificate to Savings and Investment Ltd. If such notice is received by Savings and Investment Ltd. within the 30 days next following the effective date of the contract, there are no fees whatever payable to Savings and Investment Ltd. and the money paid by the subscriber is refunded to him in full. If such notice is received by Savings and Investment Ltd. after the 30 days next following the effective date of the contract, the applicable special fees mentioned will apply.**

NOTE 2: If a subscriber dies or becomes disabled during the first four years next following the effective date of his contract, the contract may be terminated and there will be reimbursed to the subscriber or his legal representatives all monies deducted by Savings and Investment Ltd. in excess of the applicable percentage of the total amount paid by the subscriber to the date of his death or disability, if the proceeds of the realization of the Mutual Fund Shares held for the account of the subscriber are less than the total amount paid by him under the contract and if the subscriber is not, at the date of his death or disability, more than six (6) consecutive months in default under the contract.

The Canadian Fund and the American Fund have each also arranged with Savings and Investment Ltd. to issue Retirement Variable Investment Plan Certificates which can be registered under Section 79B of the Income Tax Act.

The provisions of such a certificate are similar to those of the Variable Investment Plan Certificate above described, except to the extent necessary to give effect to the basic concept that the realization value of Mutual Fund Shares purchased for a subscriber by Savings and Investment Ltd. will (subject to deductions of special fees) be used exclusively for the purchase of an annuity payable to the subscriber for his life or an annuity to the subscriber for the lives, jointly, of the subscriber and his spouse and to the survivor of them for his or her life, in accordance with the plan chosen by the subscriber, with or without a guaranteed term, provided the said term may not exceed 15 years. Such a certificate may not be transferred, nor may any rights under the contract be given to a beneficiary. It carries no Cash Surrender Value or Loan Value either before or after maturity; it is issued solely as evidence of a contract for the purchase of an annuity. The annuity which is purchased will provide for the payment of equal periodic amounts, annual or otherwise, the first payment to be made on or before the subscriber's 71st birthday. It will not be possible at any time to assign or transfer the annuity. A Retirement Variable Investment Plan Certificate will provide for the deduction of the same acquisition, administration and custodian fees as are set forth in the above description of the Variable Investment Plan Certificate.

## **16—Functions**

As explained in Section 11 above, Savings and Investment Ltd. is the exclusive Distributor of Mutual Fund Shares issued by the Canadian Fund and by the American Fund and, as explained in Section 12 above, Savings and Investment Group provides both the Canadian Fund and the American Fund with advisory services, statistical data and recommendations as to the purchase and sale of securities.



Section 12 contains a description of how investments are made by the Canadian Fund and by the American Fund.

Brokerage business is allocated by the Canadian Fund and by the American Fund to investment dealers without reference to any formula, method or criteria.

#### The Canadian Fund    The American Fund

1. Total cost during the year ended August 31st, 1968, of securities acquired:		
a) Securities of or guaranteed by the government of any country, or any political subdivision thereof	\$ 830,067	
b) Short term notes	\$ 13,296,327	\$ 200,000
c) Other securities	\$ 16,908,418	\$ 190,738
2. Total cost of securities held at the beginning of the year	\$ 39,561,732	
3. Total cost of securities held at the end of the year	\$ 39,524,005	\$ 213,505

#### 17—Dividends

The amount of dividends paid by the Canadian Fund during its last five completed fiscal years on the Common and Mutual Fund Shares of the company is as follows:

FISCAL YEAR	AMOUNT OF DIVIDENDS PER SHARE		
	Mutual Fund Shares	Common Shares	Total amount of money
1968	\$0.24	\$0.24	\$1,354,675
1967	0.24	0.24	1,355,427
1966	0.24	0.24	1,198,304
1965	0.22	0.22	849,065
1964	0.21	0.21	628,440

A subscriber for Mutual Fund Shares of the Canadian Fund is not required to re-invest his dividends but may, if he chooses, direct that they be invested in the purchase of additional Mutual Fund Shares of the Canadian Fund at asset value and no commission is payable on the purchase.

It is not the present plan of the American Fund to declare and pay more than one dividend annually. No application for Mutual Fund Shares of the American Fund will be accepted unless accompanied by a document, supplied by the American Fund and signed by the subscriber, whereby the subscriber agrees to re-invest his dividends in the Mutual Fund Shares issued by the American Fund. In this manner, the subscriber will acquire, at their asset value and without sales charges, additional entire or fractional Mutual Fund Shares of the American Fund.

#### 18—Systematic Withdrawal Plans

Subject to certain limitations imposed in the interests of their shareholders, the Canadian Fund and the American Fund make available to their shareholders, without additional charge, systematic withdrawal plans.

In the case of each of the Canadian Fund and the American Fund, such withdrawals are made through the redemption of Mutual Fund Shares which have been purchased by the shareholder or acquired by the re-investment of his dividends. A shareholder who wishes to have a

systematic withdrawal plan, may apply to the company on a prescribed form and if the shareholder's request is approved by the company, the withdrawal plan will be complied with until the company receives from its shareholder a written notice to cancel the plan or until the company approves a modification thereof. The fact that a systematic withdrawal plan is in effect does not interfere with the right of a shareholder to redeem his shares in any other way at any time on written request to the company on a prescribed form.

**Under the systematic withdrawal plans, if the systematic withdrawals are in excess of dividend income and net capital appreciation, it may result in encroachment or exhaustion of original capital.**

### **19—Transfer Agent and Registrar**

Savings and Investment Trust Company, at its Head Office, 850 Place d'Youville, Quebec, P.Q. and at its branch offices located at 696 Yonge St., Toronto, Ontario and at Suite 210 Halifax Shopping Centre, Halifax, N.S., is the registrar and transfer agent for Mutual Fund Shares issued by the Canadian Fund and the American Fund.

### **20—Purchasers' Statutory Rights of Withdrawal and Rescission**

With respect to any of the securities offered by this Prospectus in the Province of Ontario, The Securities Act, 1966 (Ontario) confers on a purchaser in certain circumstances:

1. The right to withdraw from the contract to purchase such securities if written or telegraphic notice evidencing the intention of the purchaser not to be bound by such contract is received by the vendor not later than midnight on the second business day after the Prospectus or amended Prospectus is received or deemed to have been received by the purchaser or his agent;

2. The right to rescind the contract to purchase such securities by commencing an action within 90 days from the date of such contract or the date on which the Prospectus or amended Prospectus is received or deemed to be received by the purchaser or his agent, whichever is later, if such Prospectus, as of the date of receipt, contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made.

Reference is made to Section 63 and Section 64 of The Securities Act, 1966 (Ontario) for the complete text of the provisions under which the foregoing rights are conferred.

### **21—Privilege to Transfer from The Canadian Fund to The American Fund or from The American Fund to The Canadian Fund**

A holder of Mutual Fund Shares of the Canadian Fund may be granted permission to transfer all or part of his investment into Mutual Fund Shares of the American Fund, or vice versa, at the respective asset values of the Mutual Fund Shares of the two companies, provided the Mutual Fund Shares purchased are qualified for sale in the Province where the shareholder resides. No commission is payable on any such transfer. Such a transfer is a privilege and not a right and is revocable at any time without notice. To effect such a transfer, the shareholder must deliver to the company in which he holds shares all the documents which it requires and authorize it to redeem all or part of his Mutual Fund Shares and to apply the proceeds of redemption, after deduction of any applicable taxes and a service fee of \$10.00, to the purchase of Mutual Fund Shares issued by the company of which he wishes to become a shareholder.

The asset values of the Mutual Fund Shares which are redeemed and the Mutual Fund Shares which are purchased will be determined as provided in Section 14 above. Before purchasing any Mutual Fund Shares, a Prospectus concerning the shares purchased will be mailed



to the shareholder. When both the redemption and purchase transactions have been effected, a purchase confirmation will be mailed to the shareholder.

N.B. The foregoing transfer privilege is not available to subscribers to Variable Investment Plan Certificates, as such.

**Dated this 16th day of November, 1968.**

The foregoing constitutes full, true and plain disclosure of all material facts,

(1) in respect of the offering of securities referred to above as required by The Securities Act (Quebec), by Section 13 of The Securities Fraud Prevention Act (New Brunswick), by Section 11 of the Securities Act (Nova Scotia) and Regulations thereunder, by Section 11 of The Securities Act (Newfoundland) and Regulations thereunder, by Section 8 of The Securities Fraud Prevention Act (Prince Edward Island); and there is no further material information applicable other than in the financial statements or reports where required or exigible; and

(2) relating to the securities offered by this Prospectus as required by Part VII of The Securities Act, 1966 (Ontario) and the Regulations thereunder.

**For Savings and Investment Corporation Mutual Fund of Canada Ltd.**

Jean-Paul Tardif	André Verge
Chief executive officer and director	Director

Jules Bélanger	Jean-Paul Guimont
Chief financial officer	Director

**Directors:**

L.-P. Gingras	Philippe Côté
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Jacques Flynn	Paul Chapdelaine
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Frank Spénard	Jacques Taschereau
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Maurice Samson	Henri-F. Béïque
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Lévis Tardif

By his signature affixed below, André Verge, Q.C., has signed this Prospectus, pursuant to Powers of Attorney duly executed, on behalf of all the Directors of the Canadian Fund except J.-P. Tardif, J.-P. Guimont and H.-F. Béïque.

Signed \_\_\_\_\_  
André Verge, Q.C.

## **For Savings and Investment American Fund Ltd.**

Jean-Paul Tardif  
Chief executive officer and director

André Verge  
Director

Jules Bélanger  
Chief financial officer

Jean-Paul Guimont  
Director

### **Directors:**

Jacques Flynn  
Paul Chapdelaine

Maurice Samson  
Jacques Taschereau

By his signature affixed below, André Verge, Q.C., has signed this Prospectus, pursuant to Powers of Attorney duly executed, on behalf of all the Directors of the American Fund except J. P. Tardif and J. P. Guimont.

Signed \_\_\_\_\_  
André Verge, Q.C.

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus, as required by Part VII of The Securities Act, 1966 (Ontario) and the Regulations thereunder, by The Securities Act (Quebec), by Section 13 of The Securities Fraud Prevention Act (New Brunswick), by Section 11 of The Securities Act (Nova Scotia) and Regulations thereunder, by Section 11 of The Securities Act (Newfoundland) and Regulations thereunder, by Section 8 of The Securities Fraud Prevention Act (Prince Edward Island); and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

**The Distributor:** SAVINGS AND INVESTMENT LTD.

Jean-Paul Tardif  
President

André Verge  
Secretary

Each of the following persons holds more than 5% of the issued capital of Savings and Investment Group; J. P. Tardif, B. E. Leclerc and the Estate of L. F. Martel.



# SAVINGS AND INVESTMENTS LTD.

(Prêt et Revenu Ltée)

**HEAD OFFICE:**  
850 d'Youville Square, Quebec, P.Q.

## Regions

### Quebec

#### Addresses

Montreal — Lafontaine	— 1290 St-Denis St., Suite 30 — Montreal
Montreal — St-Jacques	— 225 St-Jacques St. West — Montreal
Abitibi	— 100 Perreault St. East — Rouyn
Saguenay	— Murdock Building, 23 Racine St. — Chicoutimi
Quebec	} — 850 d'Youville Square — Quebec (4)
Quebec — Montcalm	
Quebec — Champlain	
Montmorency	} — 1815 de la Vérendrye St., Quebec (3), P.Q.
Sherbrooke	— 31 King St. West, Suite 415 — Sherbrooke
Manicouagan	— 1146 Desrochers St. — Hauterive
Gaspesia	— 30 de l'Evêché St. East — Rimouski, Que.
Laurentides	— 675, 20th Avenue, St-Jérôme, P.Q.

### Ontario

Toronto	— 696 Yonge St. — Toronto 5
Sudbury	— 116 Elm St. East, Suite 403 — Sudbury
London	— 381 Clarence St. — London
Port Arthur	— 53 North, Cumberland St. — Port Arthur
Ottawa	— 77 Metcalfe St., Suite 801-A — Ottawa 4
Kitchener	— 60 Ontario St. North — Kitchener
Windsor	— 500 Ouelette St., Suite 702 — Windsor

### Atlantic Provinces

Nova Scotia	— Halifax Shopping Centre, Suite 210, 7001 Mumford Rd., Halifax, N.S.
New Brunswick	— 20 Charlotte St. — Saint John, N.B.
Newfoundland	— Churchill Park Chambers, Rowan St., St. John's, Nfld.







"No securities Commission or similar authority in Canada has, in any way, passed upon the merits of the securities offered hereunder, and any representation to the contrary is an offence".

NOVEMBER 16, 1968

# PROSPECTUS

**SAVINGS AND INVESTMENT  
CORPORATION MUTUAL FUND  
OF CANADA LTD.**

**SAVINGS AND INVESTMENT  
AMERICAN FUND LTD.**

Custodian :

SAVINGS AND INVESTMENT TRUST COMPANY

UNDER THE SYSTEMATIC WITHDRAWAL PLANS, IF THE SYSTEMATIC WITHDRAWALS ARE IN EXCESS OF DIVIDEND INCOME AND NET CAPITAL APPRECIATION, IT MAY RESULT IN ENCROACHMENT ON OR EXHAUSTION OF ORIGINAL CAPITAL.

HEAD OFFICE :

850 PLACE D'YOUVILLE, QUEBEC, P. Q. TEL. : 529-6821